



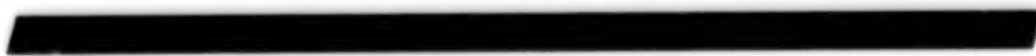
Foreign
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FBIS-USR-92-141

4 November 1992



CENTRAL EURASIA



FBIS Report: Central Eurasia

FBIS-USR-92-141

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Ukrainian Ambassador Interviewed on Interstate Relations

WS2710133292 Minsk VECHERNIY MINSK
in Russian 1 Oct 92 p 2

[Interview with Vladimir Ivanovich Zheliba, Ukrainian ambassador to Belarus, by VECHERNIY MINSK non staff correspondent G. Solonets; date and place not given: "We Are Simply Doomed To Live in Friendship"]

[Text] [Solonets] Vladimir Ivanovich, your "diplomatic work record" is about three months old. How did you become a diplomat? Why have you been chosen for this post? Why have you been appointed the ambassador in Belarus?

[Zheliba] This question is not only for me. But I will answer my part of it. I became a diplomat all of a sudden. Ukraine was short of diplomats. I believe that my life experience and the position that I occupied (I was a people's deputy) played a decisive role. In addition, I come from Chernigov Oblast, which borders both Belarus and Russia. So when I worked there I had the possibility not only to learn more about Belarus but to promote traditional historical economic, cultural, and purely human relations. Next, please do not consider me vain, but some of my personal qualities were also taken into consideration. I am a communicative person, I like to hear people out, to reflect and ponder over what they say.

[Solonets] Well, you are a diplomat by nature, and not by education... What are your impressions of Minsk and Belarus? What difficulties did you encounter?

[Zheliba] You see, the problem is that I cannot get used to living "abroad". But, to tell you the truth, the first and the strongest impression is that of the tragic destinies of the Ukrainians and the Belarusians. We do have a "common destiny and a common pain", I mean the Chernobyl tragedy. The most important thing now is to involve the whole of mankind in solving this problem and to use our own forces most effectively.

The Belarusians are a great people. From the first days of our stay here we felt their kindness, warmheartedness, and modesty. The melodious Belarusian language and songs are dear to us, the Ukrainians. The more you get into the people's life, the more you are convinced that our states are destined for brotherhood. Did you ask about the difficulties? All our lives are made up of them. But the main issue now is to live in peace and accord, to learn to work and to build up a prosperous life. It is natural that we are looking deep into the history of our peoples now. It helps to understand ourselves. History is a memory. It is dangerous when people forget about their history. Especially, when we start remembering only the negative historical events. Our countries chose a sovereign path of development, the path of national revival. Today we have entered the decisive period of our state construction, the period of filling our independence with concrete acts. I mean a new Constitution, new laws,

market economy, money system, customs, border troops, the Army... But not everything is going well. We are too intoxicated with independence and national self-esteem, but not at all competent in many things and too emotional. We need to be more reasonable and responsible.

[Solonets] Vladimir Ivanovich, you should agree with me that in the current situation, political leaders play the most important role. How often do you meet with the leaders of our states, with Kravchuk, Fokin, Shushkevich, Kebich?

[Zheliba] As often as I need to. My past position as chairman of Kirovograd oblispolkom and a member of the Supreme Soviet Commission always gave me the possibility to meet with the Ukrainian leaders. I have already had talks with the Belarusian leaders. But it is not the distance to my chiefs that matters but the job done honestly.

[Solonets] How long will Minsk remain "the CIS capital"?

[Zheliba] I believe that as long as the CIS exists. But a diplomat should be very careful in his prognosis, for making predictions is a very ungrateful job. We are living in dynamic times. The future is unpredictable. But I am certain about one thing: Belarus, by its mentality, is destined to be a peace keeper and a consolidator.

[Solonets] Will the relations between our Slavic peoples deteriorate if the CIS breaks up?

[Zheliba] Why are we speaking about collapse and break up? The CIS has just been formed, it is potentially vital. But the fact is that the Ukrainian democratic forces, in spite of their mutual contradictions, are for leaving the CIS. There are also other points of view. But it is clear that our peoples are destined to live as neighbors on this planet. I am sure that Belarus, Russia, and Ukraine will live in peace and accord as equal members of the human race, a human race of free, democratic, economically developed, peaceful countries.

[Solonets] Could you tell us about yourself, your family and your hobbies?

[Zheliba] I was born in the village, I am an agronomist by education. But I have spent most of my life in management posts. I do not regret those years because I always tried to be helpful to people. My son and daughter are adults, I am already a grandfather. I love them, I love nature. Nature teaches us to be kind and tolerant.

Energy Crisis, Ways To Overcome It Examined

934A0101A Moscow RABOCHAYA TRIBUNA
in Russian 20 Oct 92 pp 1-2

[Article by Grant Margulov, president of the International Fuel-Power Association, candidate of scientific sciences: "Power Industry: New Approaches"]

[Text] An international business meeting opens today in Moscow on problems of ecologically clean power. It is sponsored by the International Fuel-Power Industry Association. Following is a report by Grant Margulov, association president.

Russia and the other members of the Commonwealth are experiencing a severe energy crisis. Clearly, the decline in petroleum extraction has assumed a protracted nature. The extraction of gas and coal is no longer increasing.

Surmounting the crisis would require such major outlays that matters related to ensuring the power industry with new resources have been pushed into the background. Modernization and replacement of obsolete equipment have become virtually "frozen." The power industry has fallen into a technological trap: Although it is generating huge amounts of energy, it is wasting one-third of it.

The situation has become even further aggravated by price increases. The open-handed allocation of power resources at low prices has stopped. The great dependence of poor traditional energy-importing countries on Russian sources of energy has become apparent. The centralized ties between the fuel-energy complex and basic related industrial sectors have become totally disrupted.

A number of scientists, politicians, economists, and production workers are seeking answers to the following: how to reduce the gravity of the energy crisis? How to ensure economic growth? How to meet the needs of the people for heat and energy at acceptable prices? And all this while protecting the health of the environment.

The indicated solution is to increase the production of energy resources and implement unprecedented plans for the development of new petroleum and gas deposits in areas totally lacking any kind of social and industrial infrastructure.

Russia has a truly powerful raw material base. However, with such energy use inefficiency, increasing the production of power resources appears senseless, for it is unpromising in all respects—economic, ecological, and social. This inevitably worsens the technical lagging of our power industry.

Today essentially new approaches are needed. A solution should be sought in the economics of the power industry itself, in radically increasing the efficiency of all of its elements, including the tremendous unused intellectual potential developed after long years of efforts by scientists, economists, and planners.

The only promising feature is the large-scale technological restructuring of the entire complex: a conversion from a resource-hungry type of economic development to a science-intensive one—to energy conservation. It is precisely such a course rather than an endless increase in

output of prime energy resources that would guarantee economic growth, ecological safety, and the competitiveness of our power industry.

Today it is important to define the initial trends and problems and, consequently, have a quick return on invested funds and, with an overall increase of reliability in energy supplies, achieve particularly substantial savings in financial, material, and labor resources.

Let me cite typical data provided by the EEC Power Industry Committee and evaluations of independent experts of the International Fuel-Energy Association: Energy generated in republics which were part of the USSR is being used at half the efficiency of Western European countries and North America. Narrowing this gap by no more than one-half would enable us to conserve 540 million tonnes of petroleum equivalent by the year 2000 and 600 million by the year 2010; 90 percent of such fuel would consist of mined fuel resources.

A legitimate question would be the following: What outlays would be needed for such a radical shift? Their amount would be one-third the funds needed for ensuring an equivalent growth of output.

According to projections, no individual power resource could compete with energy conservation, for at least the next 20 to 30 years. Making use of the tremendous potential of energy conservation is no simple matter. We must resolve major scientific and technical, economic, financial, social, and legal problems.

In this area the decisive role must be played by the state as the biggest organized and interested consumer of energy. If necessary, the state could adopt strict regulatory measures and pass respective legislation. It could apply stimulating taxes, finance promising developments, and select national participating organizations. In all civilized countries strengthening the production of ecologically clean energy has become one of the most important functions of the state. Public opinion as well is playing an increasing role in the development strategy of the power industry. Assisting the government and ensuring that society is properly informed is the only way which would help us to gain the support of the population in making major changes in the power industry.

The nongovernmental International Fuel-Energy Association is an association of scientists and entrepreneurs whose slogan is, "for a scientific and technical policy for the creation of ecologically pure nontraditional production technologies and the efficient utilization of fuel and energy resources." Its objective is to focus the scientific and technical potential of scientists and scientific organizations of different countries on solve problems in the areas of the production, development, efficient utilization, and conservation of fuel and energy resources; to improve the ecological situation in various parts of the world; to expand international relations aimed at the implementation of resource-conserving programs, plans, and technologies.

The association operates on the basis of voluntary participation, equality, common professional and creative interests, and mutual respect and cooperation. Its intellectual base consists of major scientists, economists, designers, inventors, noted production organizers, public figures, entrepreneurs, collectives of scientific and engineering centers and enterprises, and public organizations in Russia and elsewhere.

The association has an international scientific expert council of scientists and power industry experts, including from Russia, Ukraine, United States, Germany, England, Austria, the Netherlands, etc. By decision of its constituent council, the association decided to mount a large-scale campaign for combining the intellectual and commercial potentials for assisting trade in the areas of clean energy and energy conservation. This initiative was developed as a project "for an ecologically clean power industry and development of business partnership."

The purpose of this project is to establish business and scientific and technical contacts among enterprises, companies, scientific centers, and scientists and entrepreneurs in countries within the CIS and other states and to assist in the implementation of energy-conserving policy.

The first international business meeting will be held in Moscow on 20-23 October. It will include the participation of representatives of 40 countries of Eastern and Western Europe, Asia, Canada, and the United States. A packet of conceptual projects will be submitted at the conference, along with technological developments and suggestions, covering a broad range of topics, such as problems of ecological safety and control, equipment and production technology, and the conversion of petroleum, natural gas, coal, electric power, heat, and nontraditional energy sources. The choice of the projects was made by members of more than 20 leading scientific centers in Moscow, St. Petersburg, Kiev, Kharkov, and Novosibirsk.

The 34 conceptual projects and technologies which were drafted include new alternate types of fuel, ecologically clean wasteless coal technologies, use of natural gas in engines in all types of transport facilities, advanced technology for the intensification of labor processes, and obtaining new types of materials. These and other proposals may be implemented in the next two to three years in a number of industrial and agricultural sectors.

These are only the initial practical steps in the establishment of business contacts among scientists and industrialists within the Commonwealth under the conditions of a conversion to a market economy. Subsequently, the MTEA [International Fuel-Energy Association] intends to make this a permanent project, involving the extensive participation of corresponding international organizations and agencies.

The most important prerequisite for ensuring the extensive technological reorganization of the power industry, in my view, is the mass involvement in this project of the broad population circles and the industrialists. To this effect, in the economic areas, together with the local authorities, a network of "centers of power industry efficiency" will have to be organized. They could undertake the development and implementation of educational programs for the population; organize joint entrepreneurial activities for the choice and implementation of new projects, including on a share-holding basis; and train specialists to design and operate the equipment. The solution of such problems may be assisted by the regional branches of the MTEA.

Of late, politicians and government leaders in many countries with a developed market economy have been paying particular attention to the generating of clean power and to energy conservation. Everywhere laws are being passed aimed at achieving long-term power availability, national safety, and environmental protection. Major possibilities in this respect may exist in the members of the Commonwealth. The parliaments and governments of the members of the Commonwealth have received a large number of suggestions and recommendations, including some submitted by public organizations, in passing basic legislation and encouraging and ensuring the steady and efficient utilization of power resources. It is extremely necessary today, taking into consideration the specific features of the country's economy and global experience in power conservation, to speed up the passing of such draft laws. The reform of power-resource prices should be primarily used to make use of the tremendous scientific and technological potential. Above all it must be aimed at the implementation of easily obtainable plans and the development of economic reserves.

The problems facing the power industry are of universal, worldwide nature and can be resolved only through joint efforts.

Railcar Repair Facilities, Problems Examined**Kanash Plant**

934A0130A Moscow GUDOK in Russian 8 Oct 92 p 2

[Article by A. Yudanov, GUDOK correspondent:
"Kanash: A Line of Waiting Cars"]

[Text] The Kanash Railcar Repair Plant is one of the leading facilities in the railcar repair industry of the Ministry of Railroads of Russia. Each year around 15,000 boxcars, flatcars, and open railcars are repaired here. Some 3,500 people work at the plant. Each one of them repairs an average of four cars a year. At the same time just 300 people at similar enterprises in the West, America, and Japan handle the same annual programs. Why does such a situation exist at the Kanash Railcar Repair Plant?

Three all-metal open railcars were delivered to the preparatory station. They appeared in poor condition: peeling paint, rusted panels, broken braces, and dented end panels. What went into operation, however, was not some special devices but prehistoric hand brushes. Damaged areas, cleaned in the primitive way, were then welded. The seams turned out unevenly: welding sticks poorly to rust. The painting was even worse. How long will the paint last under the effects of rain, sun, and snow when applied over areas poorly cleaned of rust?

Disassembly of railcars and repair of units and parts is carried out on flow lines. But are they really lines if the repair personnel are using crowbars and sledge hammers? Of course some hoists, telfers, manipulators, etc. are available here. One cannot, however, call this a mechanized flow.

Over two decades ago, when I worked on the West Siberian Railroad, I wrote repeatedly about the Moskovka Railcar Depot. I mentioned bench hand I. Shargin, who later became an engineer-inventor and the creator of a method which became famous in those years. He developed and utilized in practice a truly continuous mechanized flow in the repair of oil tank cars. The thankless and heavy tasks of bench hands were taken over by original machines. They lift the tank, roll it out, wash it, then disassemble and assemble the bogies. Mechanical hands remove the axles from the wheel pair and deliver them to the conveyor, after which they reinstall them again. Later Shargin created a combine-manipulator which grasps the railcar from all sides and mechanical hands, obedient to the human operator, perform programmed operations. The result was outstanding: The output of repaired tank cars tripled with the same rather limited production areas.

What is going on at Kanash? Production there was modernized several times with the involvement of rather large capital investments but the plant still continued repairing around 15,000 railcars a year as before.

A. Zhuromskiy, the plant director, stated: "We implemented the design capacities, and exhausted the reserves."

Is that the way it really is? If one observes carefully it is possible to see the opposite. The lunch break is over. It would appear that the people have rested and are ready to go back to work. But... some were sitting around, others were smoking. A group of people were talking about something having nothing to do with work. Indifference, we will say more, laziness are noticeable in the shop offices as well as in the management offices at the plant. On the telephone it is possible to hear conversations about store and market prices and about who bought what and for how much...

Observing the people I noted that everyone appeared to be satisfied with the situation that developed: the number of railcars repaired and the quality of the work. The impression was created that they do not want to change the situation at the plant and increase the capacity of the existing shops. "We are squeezed from all sides," I heard many times from the management, department heads, and mid-level specialists. "We do not have even a meter of free space."

Having been at the plant gives me the right to dispute these assertions. I covered the territory very thoroughly. Saw wide-open areas on both sides of the plant wall. Quite a site for new construction. But the leaders apparently have no desire to think about that. In order to start modernization, of course, money is needed. But where is it possible to get hundreds of millions if not billions of rubles? Also, at least five years would be required for the creation of a new repair base and our railroads are already in dire need of a radical restoration of the railcar pool. At present many thousands of railcars in need of repairs at the plants have accumulated on the tracks. There appears to be no alternative other than distributing orders among plants which are now in Ukraine, particularly at Darnitskiy and Popasnaya. There is another possibility—the one involving conversion: some defense industry enterprises could be reprofiled on the territory of the Nizhegorodskiy, Kirov, and Moskva oblasts for the repair of rolling stock. Then it would be possible to preserve or even increase the number of jobs, avoid unemployment, while creating a powerful railcar repair base. But so far this is only a dream.

How is the Kanash Railcar Repair Plant operating at the present time? Output of finished products is on schedule, and even somewhat ahead of it. In almost nine months an ordering organization—the Gorkiy Railroad, received 9,000 refurbished boxcars and flatcars. The enterprise overcame the difficulties associated with disintegration of economic ties. The commercial services succeeded in shifting totally from the customary centralized material-technical supply system (sawn lumber, sheet steel, spare parts, and rolled steel) to direct contacts with the suppliers of raw and other materials. Within a short period of time a planing machine, battery-driven trucks, and trucks were obtained for the plant. The plant,

however, is experiencing a shortage of money which now cannot be obtained from any source other than a bank. Therefore there is nothing to pay for metal and lumber with: The Gorkiy Railroad is delaying payment of bills for the repaired railcars. The debt, unfortunately is not decreasing. Some months, such as in August and September, for instance, it fluctuated between 160 and 200 million rubles. As a result, they are complaining at the plant that it is necessary to obtain burdensome loans at the bank.

Explaining that the untimely payment of bills is brought about by failure of clients to pay millions, the administration of the railroad, in its Kazan and Moscow divisions, in turn has complaints against the railcar repairers which are also well substantiated.

V. Lileyin, deputy chief of the railroad locomotive and railcar pool, states: "The Gorkiy Railroad has become a peculiar kind of storage area for thousands of unrepaired railcars which arrived for major overhaul from all railroads. The plant workers are accepting only the easy repair jobs that take the least time."

A. Alekseyev, quality inspector with the Ministry of Railroads indicates: "Each third or fourth railcar that arrives from the plant is rejected and returned for additional repairs."

There are only three quality inspectors with the Ministry of Railroads, whereas at the plant, there is a so-called army of quality controllers: 65 workers of the technical control section and there is about the same number of so-called bench hands-controllers. In addition to that there are also shift brigade leaders, foremen, shop chiefs, engineers, and technicians. All of them are still unable to prevent substandard work on 40 railcars handled each day. Quality controllers are concerned not with the revelation of shortcomings, which are usually quite obvious, but how to get substandard quality products outside the plant gate.

A. Presnyakov, chief of the railcar department of the Kazan Division, observes: "This year the plant refused to repair some 3,000 boxcars with wood sheathing and sliding bearings. They require too much work. What is to be done with them?"

It is naturally unfair to place all of the blame for the unfortunate technical state of the railcar pool on repair plants alone, including the one in Kanash. They are damaged and taken out of operation prematurely at shunting yards, mechanized gravity yards, and during freight operations. All of this happens because they have no real owners. It is probably time to distribute the railcar pool among the railroads. Then no new repair plants will be needed since damage to the rolling stock, after all, must decrease. Until this can be achieved it is necessary to expand the production areas of the existing plants while perfecting the technology involved in railcar repair operations. There must also be a corresponding improvement in the remuneration of labor and material incentives should be created for the repair workers.

Popasnaya Plant

934A0130B Moscow GUDOK in Russian 8 Oct 92 p 2

[Article by A. Mudrakov, GUDOK correspondent: "Popasnaya; Awaiting Orders"]

[Text] A small diesel shunting locomotive, rumbling and straining, pulled in twenty open railcars through the metal gates of the Popasnaya Railcar Repair Plant. The train proceeded to the shop where the locomotive was disengaged from the damaged and creaking railcars and immediately coupled to some grain carriers glistening with fresh paint.

A customary picture, oft repeated over the decades, involved acceptance of well-used rolling stock, its overhauling, and return to the transportation arteries. A new factor, however, has now appeared. Each railcar is marked indicating what railroad it came from and where it will be going. At present these notations are made in chalk, but they say that by the end of this year "permanent" (stencilled) signs will appear on the cars indicating that they belong to an independent Ukraine and to a specific railroad.

The plant at Popasnaya-Donetskiy Station was one of the largest in the former union—it specializes in the repair of eight-wheeled open railcars, grain carriers, and multi-axle units. It is the only one that performs the latter type of repairs. It has a capacity of 16,000 railcars a year. It is true that in the first six months of this year it processed only 7,161 railcars, and it is planned to repeat that in the second half. Next year, however, according to preliminary estimates, only 9,000 orders will be placed.

The tendency toward an even greater decrease in the volume is projected for the future as well. This is taking place not because the railcar repairers lost their work tempo or lost their production capacities. Everything remained as before at the plant. It is simply that after the division of the railcar pool of Ukraine and Russia the former level of orders is not envisioned. Yu. Barannikov, the plant director, notes with bitterness that it is becoming increasingly more difficult to seek out orders. The repair of a single open railcar at present costs around 57,000 rubles, and with modernization it amounts to 150,000. In the fourth quarter these figures will rise further since the cost of materials and electricity has gone up. At present even the outside enterprises, not associated with the Ministry of Railroads, cannot allow themselves the luxury of repairing railcars more frequently than once every ten years. The payments that the plant receives for its services from the Donetsk Railroad, is barely enough to cover wages and current operating expenditures. One cannot even think about any sort of technical development.

The plant collective now stands at a fork in the road like a knight who faces several routes, not one of which promises to be very good. He will start seeking the help of local authorities and rich investors who are already taking a close look at the plant: they are interested in the

casting house and forging and ancillary production. Sponsors will invest their funds only in these types of activity, while the rest of the production process will start withering away rapidly. Most of the equipment and the conveyers are designed only for railcars. Since there is no longer any demand for them the basic wealth of the plant is lost.

It is possible to strive to have the enterprise taken under its wing by the "Ukrzalizprom" main administration, which would settle all accounts directly with the plant. But even in this case there is danger not only for the enterprise but for all railroads in the republic. The railcar depots located nearby become competing firms for the plant. In order to survive themselves they will undoubtedly be reprofiled for overhauling rolling stock. After all a depot has greater opportunities for receiving orders and they will intercept them. The plant, however, owns the spare parts and, naturally, it will not want to pass them over to competitors.

Of course, it is possible to pick the easiest road, shrug everything off, and float with the current, doing some "outside" work whenever possible. Even in this case, however, the possibilities are also rather limited. The consumer goods produced by the plant include garages, safes, beehives, axes, cabinets, and cornhusking machines. Almost all of these products have recently started selling poorly. A supply of these products from last year is gathering dust at the warehouses and buyers are increasingly refusing to purchase the expensive garages. This means that it will be necessary to decrease the staff by about a third. Where are the approximately 1,500 skilled specialists to go? Popasnaya Station is not Moscow or Donetsk. All there is here beside the plant is the railroad department and one mine, which are also trying to reduce their staff. In other words this variant will undoubtedly lead to many human tragedies.

No matter how one looks at it this is a dead end. If the break between Ukraine and Russia becomes final the Donetsk line will turn out to be an appendix extending deep into Russia. The border to the east, as they say, is under lock and key. There is no need for trains from the south to make a detour via Donbass—they can head directly for Kiev and Kharkov. Also, why send Ukrainian railcars here for repairs if the republic also has the Darnitskiy, Stryyskiy, and Panyutino plants? Even today in distributing orders for repairs of grain carriers "Ukrzaliznytsya" gives preference to the Stryyskiy Plant which is more conveniently located. Therefore Russian and Caucasian rolling stock pools are the only ones offering some hope for Popasnaya workers.

This possibility was recently discussed at a technical conference with the "Ukrzalizprom" chief engineer. A decision was made to request the Russian Ministry of Railroads to ensure the delivery of 9,000 open railcars in 1993-1995 to Ukrainian enterprises for repair, along with 7,500 boxcars, 2,000 flatcars, 3,000 gravel hopper cars, and 200 transporters. At the same time there is a need for Russian plants to assume the repair of 750 ore

hopper cars, 600 cement hopper cars, and 350 cement tank cars. It is still not known whether these proposals will be approved by "Ukrzaliznytsya" or whether politics will become involved in this.

Plant workers note that the republic administration of railroad transport is not devoting appropriate attention to problems of the railcar repair enterprises. They are simply not being given adequate attention even though it is already clear that the plants will be unable to handle on their own the difficulties that are facing them. These matters must be resolved not even between the railroads, but at the level of ministries, primarily those of Russia and Ukraine. Work must apparently start with a recognition of the fact that this is not just a problem of the railcar repair workers, but of the railroad workers as well. After all, if the situation continues much longer as it is now they will soon have nothing to transport the freight in.

Thus far the clouds that gathered over Popasnaya are invisible. Production continues at the normal pace. Every day 60 railcars are repaired. The program for the output of metal products, springs, and other spare parts was fulfilled in full. In other words, so far the plant has not been idle for a single day.

It would be good to end the article on the Popasnaya Plant on just this note. But there are other news: the Kiev PKTB [Planning, Design and Technological Bureau] was directed to study the question concerning establishment of capacities for repair of track maintenance equipment at the Popasnaya and Panyutino plants within the next several months. This means that it is necessary to practically liquidate the operating enterprises, creating new ones with a different work profile. This is one of the results of the situation when a unified railroad systems becomes the property of several owners.

From the editorial office. Disintegration of the union, and as a consequence, of the unified railroad network, gave rise to a series of problems, including the one with repair of the rolling stock. Most of the railcar repair enterprises, for instance, are concentrated in Ukraine, while in Russia there are clearly not enough of them for servicing a much larger pool.

The materials we are publishing today by our correspondents from the Kanash and Popasnaya plants reveal a situation where one enterprise has exhausted its possibilities and needs to expand production, while at another one a lot of thought is being given to ways of fully loading the available capacities or reprofiling the enterprise. At the same time similar problems are also being encountered by railroads in other CIS countries. The Coordinating Council for Railroad Transport of CIS Countries must apparently devote some thought to the matter of achieving rational utilization of the plants for building and repair of rolling stock which were created earlier by common effort.

CPSU Conference Decree on New Party Program
PM2710133392 Moscow PRAVDA in Russian 27 Oct 92
p 1

[Decree of the 20th All-Union CPSU Conference: "On the 20th All-Union CPSU Conference Programmatic Statement 'For Socialism, for Union of Peoples, for Unity of Communists' and the Elaboration of a New Party Program"]

[Text]

1. To adopt the 20th All-Union CPSU Conference Programmatic Statement "For Socialism, for Union of Peoples, for Unity of Communists."
2. To recommend that, until the adoption of the new CPSU Program, all Communists and CPSU party

organizations take guidance from the Programmatic Statement in their activity.

3. To use the Programmatic Statement as a basis for elaborating the draft of the future CPSU Program and to submit it for discussion by primary party organizations not later than January 1993.

To instruct the CPSU Central Committee Organizing Committee to set up a commission for preparing the draft new CPSU Program. To recommend that other Communist Parties take part in this work. To involve a broad circle of workers, peasants, scientists, and specialists in the elaboration and discussion of the CPSU Program.

4. Following the discussion of the draft new CPSU Program, to submit it for consideration by the 29th party congress.

ECONOMIC AND SOCIAL AFFAIRS

DELOVOY MIR Economic Statistics, 19 September

934A0083A Moscow DELOVOY MIR in Russia
19 Sep 92 pp 2-3

[Report by Valeriy Galitskiy, Aris Zakharov, and Aleksandr Frenkel: "The Trajectory of the Dive Is Becoming Increasingly Steeper"]

[Text]

Settling Mutual Arrears Between Enterprises and Organizations

In accordance with the president of Russian Federation's decree and the decisions of the Supreme Soviet and the government of Russia, work is underway in the national economy to settle mutual arrears in payments for delivered goods between enterprises and organizations. For this purpose all enterprise arrears (past due indebtedness) to the

budget and suppliers that had accumulated by 1 July of this year and had been entered by the Central Bank of Russia into so-called File No. 2 have now been transferred into a separate account; special regional commissions have been created and are operating, whose task is the reciprocal clearing of accounts. As a result of account clearing performed in July, the total volume of indebtedness in File No. 2 has been reduced from 3 trillion rubles [R] as of 1 July to R1.9 trillion as of 1 August of this year. So far it has not been possible to stop arrears in the national economy from expanding, but the pace of increase has dropped. According to data received from industrial enterprises, the volume of consumers' past due indebtedness for shipped goods increased 26 percent during July, reaching R1.8 trillion; in June the indebtedness had increased by 39 percent, for a total amount of R1.4 trillion.

Past due indebtedness for shipped goods by individual industries is characterized by the following data:

	Past Due Indebtedness for Shipped Goods, Billions of Rubles		As a Percentage of the Total Amount of Indebtedness	
	As of 1 July	As of 1 August	As of 1 July	As of 1 August
Industry—Overall	1,403.5	1,769.3	57.6	61.5
of that:				
machine building and metal-working	327.9	393.2	53.0	55.5
ferrous metallurgy	251.6	290.8	69.7	63.6
chemical and petrochemical industry	140.4	202.0	53.6	62.1
light industry	127.3	147.3	59.9	70.1
nonferrous metallurgy	115.4	172.8	66.0	77.3
fuel industry	113.8	169.4	44.6	51.1
timber, woodworking, and cellulose and paper industry	78.2	101.7	62.5	65.3

The value of past due indebtedness for shipped goods amounted to that of almost one-third of the output produced since the beginning of the year, and involved 78.0 percent of Russia's industrial enterprises (78.9 percent as of 1 July 1992). The industries where the share of such enterprises is especially high are the glass and porcelain and stoneware industry—92.3 percent; microbiological industry—93.6 percent; chemical and petrochemical industry—89.8 percent; ferrous metallurgy—90.7 percent; and light industry—86.4 percent.

Industry

In January-August the value of produced industrial output in current prices amounted to R7.4 trillion, which in current prices exceeds that of the corresponding period of last year by a factor of 11.3.

The physical volume of production in August declined by 27.2 percent as compared with August of last year; as a

result, the scale of decline in the production of industrial output during January-August increased:

	As a Percentage of the Corresponding Period of 1991
January-June	86.5
July	78.5
January-July	85.2
August	72.8
January-August	83.4

In 45 territories of Russia production decline in January-August amounted to 15-27 percent; Kabardino-Balkariya, Republic of North Ossetia, and Kamchatka Oblast lagged behind last year's volume by more than 30 percent.

The decline in the production of many very important types of output is increasing. Of the 254 items counted in weekly reports, the volume of output of 219 in August of

this year was lower than in August 1991. In the production of 133 items (61 percent of the total number) the decline is estimated to be 25 percent or more; among them are finished rolled metal, metal-cutting lathes, drop forges, main-line electric locomotives, tower cranes with a capacity of eight tonnes or higher, automotive trailers and semi-trailers, caustic soda, mineral fertilizers, chemical fibers and filaments, automotive tires for agricultural machinery, asbestos-cement piping and couplings, prefabricated ferroconcrete, grade asbestos, saw-lumber, mine props, preassembled wooden houses, newsprint, garden shacks, hosiery and knitwear, washing machines, tape recorders, television sets, whole-milk products, vegetable oil, and cereals. With respect to the production of most aforementioned items the August decline exceeded that during the seven months of this year by 15-20 percentage points; for trucks, vehicles powered by liquefied or compressed gas, tractors and tractor trailers, fodder-harvesting combines, potash and phosphate fertilizers, pliable roofing and insulation, hardwood wood-fiber boards, as well as many very important consumer goods the decline was more than 20 percentage points.

Lately the dynamics of production have been increasingly affected by the lack of financial and material resources, which has resulted in enterprises switching to a shortened work week or shorter shifts and an increasing incidence of stoppages in industrial shops and production lines.

Each month 800-900 enterprises in the Russian Federation experience temporary idling caused by insufficient supply—or complete lack—of electric power, raw materials, supplies, and components. In August of this year such losses increased sharply, amounting to 4.5 million man-days as compared with 3.0 million man-days in July of this year. Since the beginning of the year loss of productive time amounted to almost 17 million man-days, and loss of output—to R27 billion.

Agriculture

Harvesting of grain crops in Russia is entering its final stage. The farms in the southern regions of the country and in most oblasts in the Volga, Central Chernozem, and Central regions have practically completed harvesting. The harvesting front has shifted to beyond the Urals, where weather conditions do not permit the operation to proceed at full speed. Nevertheless, during the past weeks grain has been threshed on the area of 4.1 million hectares as compared with 2.7 million hectares during the preceding week.

Overall in Russia by 7 September grain had been threshed on 35 million hectares (63 percent of the sown area). Last year by this time 77 percent of the sown area had been threshed, and in 1990—70 percent. The average yield per hectare is 21.1 quintals of grain (in 1991—16.9 quintals, and in 1990—23.3 quintals).

Despite the fact that the total threshed volume at this point amounts to 75.7 million tonnes, the farms are not in a hurry to sell it to the state. By 7 September only 14.8 million

tonnes had been delivered to state procurement centers, which comprised 52 percent of the volume envisaged by mandatory delivery targets. The pace of grain deliveries to procurement centers continues to decline. Mass harvesting of potatoes and vegetables has begun. On state and collective farms potatoes have been harvested on 11.2 percent of sown area. The yield per hectare (93 quintals) is lower than that of last year (103 quintals) everywhere. Vegetables have been harvested on 18.1 percent of sown area, as compared with 27 percent in 1991.

Laying in livestock fodder is lagging noticeably as compared with last year. By 7 September grasses had been mowed on an area of 29.6 million hectares, or 89 percent of the area mowed by this time last year. Overall, 36.2 million tonnes of feed units have been laid in, as compared with 46.8 million tonnes of feed units in 1991. Calculated per standard head of cattle, 9.6 quintals of feed units have been laid in, as compared with 11.2 quintals of feed units last year.

The situation with respect to laying in fodder is especially grave in the kolkhozes and sovkhozes in Novgorod, Pskov, Kaluga, Orel, Ryazan, Tula, Voronezh, Lipetsk, and Tambov Oblasts.

Widespread fuel shortages are having a negative effect on the progress of harvesting campaign. In August of this year kolkhoz and sovkhoz warehouses received one-third more diesel fuel and 7 percent more gasoline than in July. At the same time, as compared with last year, diesel fuel stocks at agricultural enterprises decreased by one-quarter, and those of gasoline—by 10 percent, amounting in the beginning of September to 1,276,000 and 486,000 tonnes, respectively. An alarming factor is that in a number of territories of the Urals and Siberia—such as Perm, Chelyabinsk, and Omsk Oblasts, and Udmurt and Tuva Republics—where harvesting needs to be done within a compressed time frame, the residual stocks of diesel fuel as of 1 September were 25-45 percent lower than those on the same date last year.

There has been no improvement in stocking the state reserves of animal husbandry products. As of 1 September of this year, state procurement of cattle and fowl amounted to 4.2 million tonnes (71 percent of the corresponding level of last year); of milk—19.5 million tonnes (76 percent); eggs—15.3 billion units (75 percent); and wool—26,000 tonnes (41 percent).

The Consumer Market

During past week (31 August—4 September) the saturation of consumer market with basic food products declined somewhat. The output of vegetable oil during that period declined by 30 percent; sugar—by 26 percent; whole-milk products—by 4 percent; and meat—by 1 percent. Stocks of these goods in trade and industry have decreased by 10-19 percent, and of meat—by 1 percent. An especially difficult situation with respect to these products has emerged in Ryazan, Saransk, Penza, Kazan, Makhachkala, Perm, Gorno-Altaysk, and Ulan-Ude.

There have been increasingly frequent interruptions in the availability of butter, eggs, and bread. While during the preceding week butter and eggs were available for sale almost everywhere, during the first days of September butter was absent in the surveyed stores in Pskov, Vladimir, Kazan, Omsk, Ulan-Ude, and Yakutsk, and eggs—in Kirov, Voronezh, Kazan, and Makhachkala. Residents of Pskov, Vytka, Saransk, Kazan, Krasnodar, Stavropol, Perm, Sverdlovsk, Ufa, and Novosibirsk were

unable to buy bread. At the same time, in Russia overall the total volume of baked bread during the week increased by 4 percent.

The data characterizing the state of the market with respect to basic food products during the preceding week (derived from the results of surveys of the stores in 76 capital cities of constituent republics and oblast and kray centers of Russia) is shown below:

	Number of cities where the commodity			Market saturation index*	
	Was available		Was not available	24 August—28 August	31 August—4 September
	casily, without lines	after standing in line or with coupons			
Beef	45	4	27	2.9	2.8
Butter	69	1	6	3.9	3.7
Eggs	71	1	4	3.9	3.8
Sugar	35	11	30	2.8	2.6
Vegetable oil	40	3	33	2.8	2.7
Potatoes	54	-	22	3.0	3.1

*The value of this index is between 1 and 4 and is calculated as a weighted average taking into account groupings of cities depending on the following situation on the market: the commodity is not available in the stores (1), is sold by coupon (2), is available after standing in line (3), is purchased easily (4).

On the threshold of autumn, department stores in one half of the surveyed cities did not have men's synthetic lined coats, men's polyacrylic sweaters, or women's fall shoes; one-third did not have women's light coats made of blend fabrics, wool-blend dresses for school-age girls, or men's low shoes. The aforementioned goods were not available in the stores in Arkhangelsk, Petrozavodsk, Barnaul, Omsk, Abakan, Chita, Birobidzhan, and Petropavlovsk-Kamchatskiy.

Prices on the Consumer Market

Taking into account city markets, prices in August rose by 9.2 percent, including a 10.4-percent price increase in retail prices. During the period between 25 August and 1 September prices rose by 4.4 percent and 3.9 percent, respectively. Over the past 2.5 months prices increased weekly by 1-2 percent; during the last week, this rate of increase doubled.

August price changes in retail trade, as well as those taking into account city markets, are shown below (in percentages):

	Taking into account city market		Of the total, in retail trade	
	August	of that, 25 August to 4 September period	August	of that, 25 August to 4 September period
All food products	109.2	104.4	110.4	103.9
Meat and meat products	119.1	106.7	112.1	104.7
Fish and fish products	121.0	105.8	121.8	104.9
Edible fats	109.8	103.3	108.9	103.0
Dairy products and cheeses	108.6	102.0	108.7	102.1
Eggs	119.7	103.4	119.4	103.0
Sugar	108.2	104.4	109.1	105.1
Confectionery products	111.0	101.3	110.7	103.8
Salt	117.0	109.1	117.0	109.1
Flour	124.6	104.3	124.6	104.4
Bread and bakery products	117.5	113.1	117.1	113.1
Cereals and pasta	110.0	101.0	110.1	101.2
Potatoes and vegetables	100.7	103.5	108.3	100.9

In August in retail trade the prices of 65 out of 70 food items rose, and of three declined. The most significant price increases in retail trade were those with respect to highest grade wheat flour (27 percent), wheat-rye bread (27 percent), wheat bread made of Grade I and II flour

(18 percent), rolls and buns made of Grade I flour (22 percent), and sausage (11-12 percent). Prices for potatoes, beets, and carrots rose by a factor of 1.5-2.0.

Shown below are changes in average prices for some products:

	Average price in rubles per kg			
	July		August	
	retail trade	city market	retail trade	city market
Beef	75.8	110.4	82.4	127.2
Eggs (per 10)	21.3	22.3	23.3	26.5
Wheat flour, highest grade	15.2	14.9	18.5	-
Wheat bread, highest grade	17.29	-	19.0	-
Potatoes	10.3	20.2	18.9	20.8
Carrots	11.3	38.0	19.2	27.5

With respect to dairy products (milk, kefir, low-fat cottage cheese, cheese) regulated prices remain in force, although the number of cities where these prices are subsidized has decreased by half as compared with the beginning of the year. The size of subsidies is not a determinant factor in the level of prices, however. Wage level has the greatest influence in this respect. In the regions where wages are higher the price level is also higher. For instance, in Ulyanovsk, where the average wage is R3,945, the subsidized price of one liter of milk as of 1 September was R6, while in Syktyvkar, where average wage is R10,169, it was R12.5 per liter; one kilogram of rye-wheat bread cost R4.7 and R15.3, respectively.

Goods for the Newborn

Calculations made by the Russian State Committee for Statistics show that for many families the desire to have a baby is becoming a "luxury." While at the beginning of the year a family needed to shell out about R10,000 to "outfit" a baby until the age of three months, by 1

September it already needed R17,000. This is almost 19 minimum wages, while the benefit paid in connection with the birth of a child amounts to three minimum wages (R2,700)—for this amount of money one can only buy a baby carriage and one wool-blend blanket costing R2,275 and R475, respectively.

A considerable number of goods for the newborn remain in short supply—even the capital city's Children's World does not always have baby carriages, bath basins, baby soap and cream, waterproof panties, baby food warmers, and other goods so much needed for infants; drug stores do not always have cotton and gauze. There is a problem with domestically produced disposable diapers, which have disappeared from the stores everywhere; high-quality imported goods of that kind could provide an alternative, but their price—R3,500 per 64 units—is beyond the reach of most parents. The high cost of baby food should also be noted. For instance, a 100-gram jar of homogenized apple puree for infants over 2 months costs more than R14; a box a powdered baby formula costs more than R7.

Cost of the Basic Food Product Selection (as of 09.01.92), Taking City Market Prices Into Account

City	Selection Cost	City	Selection Cost
Vorkuta	653.76	Shakhty	378.58
Magadan	633.98	Stavropol	377.80
Petrovsk-Volynsk-Kamchatskiy	615.00	Kopeysk	377.73
Vladivostok	609.12	Krasnodar	376.81
Yakutsk	563.78	Tyumen	376.26
Yuzhno-Sakhalinsk	560.80		
Kostroma	375.80		
Cherepovets	532.32	Novorossiysk	375.32
Khabarovsk	526.70	Penza	375.10
Kaliningrad	524.78	Gorno-Altaysk	374.06
Komsomolsk-na-Amure	508.93	Volgograd	372.21
Nakhodka	494.95	Belgorod	371.81

Cost of the Basic Food Product Selection (as of 09.01.92), Taking City Market Prices Into Account (Continued)

City	Selection Cost	City	Selection Cost
Chelyabinsk	494.48	Abakan	369.60
Kemerovo	490.12	Smolensk	368.26
Ukhta	472.90	Chita	367.38
Norilsk	471.55	Kamyshin	367.22
Apatity	468.25	Ufa	365.48
Novokuznetsk	466.90	Divnogorsk	365.20
Yekaterinburg	466.73	Cherkessk	362.31
Severodvinsk	466.57	Nevinnomyssk	360.38
Perm	460.60	Berdak	360.32
Murmansk	457.80	Kursk	359.67
Ivanovo	455.10	Yoshkar-Ola	359.11
Nizhniy Tagil	454.58	Barnaul	355.34
St. Petersburg	445.16	Neftekamsk	353.08
Krasnoyarsk	444.41	Rostov-na-Donu	352.58
Syktyvkar	443.39	Maykop	352.41
Irkutsk	436.88	Cheboksary	350.28
Nizhniy Novgorod	436.52	Astrakhan	349.30
Moscow	436.35	Saratov	348.05
Vladimir	432.77	Bryansk	347.51
Yaroslavl	432.06	Armavir	347.11
Arkhangelsk	431.40	Shebekino	346.49
Petrozavodsk	429.75	Saransk	344.61
Vologda	429.14	Kirov	343.93
Tula	427.51	Dzerzhinsk	343.20
Prokopyevsk	426.29	Makhachkala	342.45
Novgorod	425.81	Orsk	342.18
Tomsk	423.85	Syzran	340.53
Kurgan	423.29	Tambov	338.85
Tolyatti	420.37	Kirovo-Chepetak	336.24
Shuya	418.67	Orenburg	332.97
Blagoveshchensk	418.66	Volgodonsk	332.96
Kaluga	411.60	Naichik	332.57
Sovetsk	411.51	Novocheboksarsk	331.50
Birobidzhan	410.92	Izhevsk	330.44
Ulan-Ude	407.60	Rubtsovsk	330.18
Vladikavkaz	404.88	Arzamas	330.15
Novosibirsk	399.91	Groznyy	329.06
Tver	397.72	Biysk	328.92
Tayshet	397.15	Yelets	325.20
Novomoskovsk	396.38	Ryazan	323.53
Sarov	396.38	Orel	323.04
Tuapse	396.33	Gornyyak	319.80
Yurga	395.42	Samara	313.11
Sterlitamak	395.12	Omak	309.43

Cost of the Basic Food Product Selection (as of 09.01.92), Taking City Market Prices Into Account (Continued)

City	Selection Cost	City	Selection Cost
Electrostal	391.41	Izhimskiy	297.98
Rybinsk	390.78	Lipetsk	285.55
Taganrog	389.90	Kazan	283.74
Pskov	389.85	Chistopol	270.52
Obninsk	389.03	Naberezhnyye Chelny	254.71
Voronezh	381.40	Ulyanovsk	242.53
Kyzyl	381.02	Russian Federation	393.54
Angarsk	378.65		

Presence (Absence) of Goods in Cities as Registered on 30 June

Product	Number of Cities Where Item Was Available As of Survey Date	Number of Cities Where Item Was Not Available As of Survey Date	Cities Where Item Was Not Available As Percent of All Cities	Number of Cities Where Item Was Available As of Survey Date	Number of Cities Where Item Was Not Available As of Survey Date	Cities Where Item Was Not Available As Percent of All Cities
	In retail trade			Total		
Beef, Category I	103	29	21.97	128	4	3.03
Pork	76	36	42.42	119	13	9.83
Meat patties (per 10)	31	101	76.52	31	101	76.52
Peimeni [meat-filled dumplings], frozen	40	92	69.70	40	92	69.70
Boiled sausage, Grade I	111	21	15.91	111	21	15.91
Salami, Grade I	101	31	23.48	101	31	23.48
Live fish	19	113	85.61	28	104	78.79
Mackerel, quick-frozen, refrigerated, unsegmented	12	120	90.91	12	120	90.91
Fish filet (mackerel)	12	120	90.91	12	120	90.91
Smoked fish (mackerel)	19	113	85.61	19	113	85.61
Herring, salted and brined, ivani	44	88	66.67	44	88	66.67
Butter	132	0	0.00	132	0	0.00
Vegetable oil	96	36	27.27	107	25	18.94
Melting pork fat	52	80	60.61	54	78	59.09
Table margarine	104	28	21.21	104	28	21.21
Pasteurized milk, 3.2-3.5 percent fat	128	4	3.03	131	1	0.76
Fatty kefir	107	25	18.94	107	25	18.94
Sour cream	124	8	6.06	129	3	2.27
Cottage cheese	80	52	39.39	105	27	20.45
Low-fat cottage cheese	63	69	52.27	64	68	51.52
Powdered cow's milk	56	76	57.58	56	76	57.58
Hard rennet cheese (of the varieties "Poshekhonskiy," "Rossiyskiy," "Kostromskoy," "Yaroslavskiy," "Gollandskiy," etc.)	113	19	14.39	113	19	14.39
Pasteurized processed cheese (of the varieties "Druzhba," "Volna," "Yantar," "Leto")	52	80	60.61	52	80	60.61

Presence (Absence) of Goods in Cities as Registered on 30 June (Continued)

Product	Number of Cities Where Item Was Available As of Survey Date	Number of Cities Where Item Was Not Available As of Survey Date	Cities Where Item Was Not Available As Percent of All Cities	Number of Cities Where Item Was Available As of Survey Date	Number of Cities Where Item Was Not Available As of Survey Date	Cities Where Item Was Not Available As Percent of All Cities
	In retail trade			Total		
Feta cheese	12	120	90.91	16	116	87.88
Canned fish, price per standard 350-gram can, natural, with oil added (mackerel, sard)	70	62	46.97	70	62	46.97
Canned fish, price per standard 350-gram can, salmon in tomato sauce	19	113	85.61	19	113	85.61
Canned tomato puree and paste	71	61	46.21	71	61	46.21
Canned fruit for children	54	78	59.09	54	78	59.09
Chicken eggs (price per 10)	126	6	4.55	128	4	3.03
Granulated sugar	99	33	25.00	100	32	24.24
Ordinary cookies (of the variety "Apelsinovoje," "Privet," etc.)	102	30	22.73	102	30	22.73
Spice cake, bulk	100	32	24.24	100	32	24.24
Caramel candy, wrapped	54	78	59.09	56	76	57.58
Bohem black tea, highest quality	86	46	34.85	87	45	34.09
Salt	116	16	12.12	116	16	12.12
Rye flour	11	121	91.67	11	121	91.67
Highest grade wheat flour	74	58	43.94	75	57	43.18
Rye bread	32	100	75.76	32	100	75.76
Rye-wheat bread	72	60	45.45	72	60	45.45
Wheat bread from entire-wheat flour	2	130	98.48	2	130	98.48
Wheat bread from highest grade flour	72	60	45.45	73	59	44.70
Wheat bread from Grade I and Grade II flour	89	43	32.58	89	43	32.58
Rolls and buns from Grade I wheat flour, price per 500 grams	41	91	68.94	41	91	68.94
Rolls and buns from Grade II wheat flour, price per 500 grams	1	131	99.24	1	131	99.24
Pretzels, Grade I wheat flour	82	50	37.88	82	50	37.88
Rusks, Grade I wheat flour	59	73	55.30	59	73	55.30
Milled and polished rice	103	29	21.97	104	28	21.21
Semolina	73	59	44.70	73	59	44.70
Milled millet	35	97	73.48	35	97	73.48
Unground buckwheat	55	77	58.33	55	77	58.33
"Oserkules" oatmeal	39	93	70.45	39	93	70.45
Ground split peas	12	120	90.91	12	120	90.91

Presence (Absence) of Goods in Cities as Registered on 30 June (Continued)

Product	Number of Cities Where Item Was Available As of Survey Date	Number of Cities Where Item Was Not Available As of Survey Date	Cities Where Item Was Not Available As Percent of All Cities	Number of Cities Where Item Was Available As of Survey Date	Number of Cities Where Item Was Not Available As of Survey Date	Cities Where Item Was Not Available As Percent of All Cities
	In retail trade			Total		
Macaroni, ordinary and fancy, various styles of cut (long and short), made from highest grade wheat flour	41	91	68.94	43	89	67.42
Macaroni, ordinary and fancy, various styles of cut (long and short), made from Grade I wheat flour	8	124	93.94	8	124	93.94
Noodles, made from highest grade wheat flour	59	73	55.30	59	73	55.30
Vermicelli, made from highest grade wheat flour	97	35	26.52	97	35	26.52
Elbow macaroni, all varieties, from highest grade wheat flour	62	70	93.03	62	70	53.03
80-proof vodka, price per liter	92	40	30.30	94	38	28.79
Mayonnaise	53	79	59.85	53	79	59.85
Potatoes	110	22	16.67	128	4	3.03
Fresh green-head cabbage	116	16	12.12	120	12	9.09
Yellow onions	113	19	14.39	127	5	3.79
Garlic	45	87	65.91	110	22	16.67
Red beets	95	37	28.03	112	20	15.15
Carrots	87	45	34.09	116	16	12.12
Apples	105	27	20.45	127	5	3.79
Tobacco products, price per pack of cigarettes	32	100	75.76	37	95	71.97
Tobacco products, price per pack of filter cigarettes	48	84	63.64	54	78	59.09
Matches	114	18	13.64	115	17	12.88
Rolls and buns from highest grade wheat flour, price per 500 grams	103	29	21.97	103	29	21.97

Average Prices for Food Products in the Russian Federation (Retail Trade)

Representative products	11 August 1992	18 August 1992	25 August 1992	1 September 1992
Beef, Category I	79.59	81.76	84.27	86.25
Pork	79.55	80.41	83.26	88.99
Meat patties (per 10)	54.02	63.43	62.70	64.74
Peimani (meat-filled dumplings), frozen	58.59	59.03	62.19	63.16
Boiled sausage, Grade I	129.35	131.61	130.05	137.31
Salami, Grade I	183.59	184.92	191.73	202.27
Live fish	40.72	39.47	44.23	47.49
Mackerel, quick-frozen, refrigerated, unsegmented	37.78	38.81	39.16	42.64
Fish fillet (mackerel)	47.90	51.85	54.18	54.40
Smoked fish (mackerel)	65.06	76.30	82.44	90.77

Average Prices for Food Products in the Russian Federation (Retail Trade) (Continued)

Representative products	11 August 1992	18 August 1992	25 August 1992	1 September 1992
Herring, salted and brined, ivasi	66.09	73.24	72.13	68.93
Butter	181.47	182.29	184.16	188.39
Vegetable oil	51.48	51.54	51.94	55.24
Melted pork fat	72.06	65.00	67.77	65.68
Table margarine	72.74	72.51	71.61	76.29
Pasteurized milk, 3.2-3.5 percent fat	8.91	9.14	9.43	9.72
Fatty kefir	9.74	9.89	10.08	10.69
Sour cream	53.49	54.21	54.73	54.88
Cottage cheese	43.09	42.50	40.45	40.71
Low-fat cottage cheese	20.92	20.13	19.10	20.02
Powdered cow's milk	87.41	88.05	89.13	90.82
Hard rennet cheese (of the varieties "Poshekhonskiy," "Rossiyskiy," "Kostromskoy," "Yaroslavskiy," "Gollandskiy," etc.)	144.17	143.65	147.19	151.35
Pasteurized processed cheese (of the varieties "Druzhba," "Volna," "Yantar," "Leto")	101.18	114.71	112.47	115.72
Feta cheese	80.69	77.99	78.87	76.65
Canned fish, price per standard 350-gram can, natural, with oil added (mackerel, scad)	36.28	36.07	40.40	39.47
Canned fish, price per standard 350-gram can, salmon in tomato sauce	42.46	47.87	52.08	51.46
Canned tomato puree and paste	53.79	54.65	54.01	57.95
Canned fruit for children	53.19	53.61	56.14	57.43
Chicken eggs (price per 10)	22.27	22.76	24.08	24.78
Granulated sugar	55.22	55.18	55.65	58.26
Ordinary cookies (of the variety "Apelsinovo-voye," "Privet," etc.)	63.94	65.32	65.00	69.20
Spice cake, bulk	57.11	56.81	56.42	58.88
Caramel candy, wrapped	111.44	113.65	114.98	117.15
Bohea black tea, highest quality	274.48	293.68	288.08	290.74
Salt	5.19	5.40	5.35	5.93
Rye flour	10.15	10.61	10.43	9.67
Highest grade wheat flour	17.90	18.85	18.70	20.82
Rye bread	9.77	9.82	10.19	10.78
Rye-wheat bread	9.08	9.31	9.94	12.06
Wheat bread from all-wheat flour	6.99	7.31	7.25	5.42
Wheat bread from highest grade flour	18.43	18.80	20.05	21.34
Wheat bread from Grade I and Grade II flour	11.85	11.91	12.19	13.82
Rolls and buns from highest grade wheat flour, price per 500 grams	11.86	11.64	11.55	13.53
Rolls and buns from Grade I wheat flour, price per 500 grams	9.16	9.26	9.23	10.71
Rolls and buns from Grade II wheat flour, price per 500 grams	13.00	10.00	11.84	13.50
Pretzels, Grade I wheat flour	39.39	39.57	38.92	39.59
Rusk, Grade I wheat flour	44.00	46.70	48.01	50.36

Average Prices for Food Products in the Russian Federation (Retail Trade) (Continued)

Representative products	11 August 1992	18 August 1992	25 August 1992	1 September 1992
Milled and polished rice	29.14	29.67	31.04	30.24
Semolina	14.72	15.00	15.31	16.20
Milled millet	8.90	9.23	10.12	10.39
Unmilled buckwheat	42.63	43.92	48.69	50.13
"Gerkules" oatmeal	21.12	22.82	24.49	23.59
Ground split peas	8.74	10.43	11.37	11.38
Macaroni, regular and fancy, various styles of cut (long and short), made from highest grade wheat flour	33.00	35.60	36.25	37.21
Macaroni, regular and fancy, various styles of cut (long and short), made from Grade I wheat flour	22.51	24.93	25.48	26.47
Noodles, made from highest grade wheat flour	25.34	26.81	27.82	29.81
Vermicelli, made from highest grade wheat flour	26.54	27.67	29.64	29.22
Elbow macaroni, all varieties, from highest grade wheat flour	26.25	26.25	26.25	27.97
80-proof vodka, price per liter	255.21	251.96	251.55	253.82
Mayonnaise	86.26	88.39	92.71	89.56
Potatoes	20.06	20.66	19.28	20.16
Fresh, green-head cabbage	13.29	13.46	12.96	13.44
Yellow onions	23.03	22.36	22.13	23.15
Garlic	83.96	84.71	93.31	104.91
Red beets	14.54	14.23	15.59	16.40
Carrots	19.22	17.60	19.71	18.82
Apples	38.21	35.94	36.46	35.67
Tobacco products, price per pack of cigarettes	9.96	9.70	10.48	11.49
Tobacco products, price per pack of filter cigarettes	16.93	19.94	21.64	25.47
Matches	1.14	1.15	1.15	1.21

Note: The commodity price is per kilogram; meat cutlets and eggs—for 10; milk, kefir, and vodka—per liter; canned fish products per standard can; tobacco items and matches—per pack

Average Prices for Food Products in the Russian Federation (City Market)

Representative products	11 August 1992	18 August 1992	25 August 1992	1 September 1992
Beef, Category I	122.58	126.66	129.80	138.05
Pork	128.20	133.53	136.47	150.43
Boiled sausage, Grade I	150.00			
Salami, Grade I	270.28	274.46	276.54	257.27
Live fish	39.34	43.11	42.96	49.24
Herring, salted and brined, ivasi	100.00			
Butter	183.81	182.44	186.64	196.68
Vegetable oil	60.42	68.65	67.52	72.18
Melted pork fat	50.56	56.05	55.70	60.87
Table margarine	112.00	112.00		
Pasteurized milk, 3.2-3.5 percent fat	14.75	15.02	16.95	16.00

Average Prices for Food Products in the Russian Federation (City Market) (Continued)

Representative products	11 August 1992	18 August 1992	25 August 1992	1 September 1992
Fatty kefir				
Sour cream	127.36	124.95	136.82	146.71
Cottage cheese	60.58	61.08	64.09	66.46
Low-fat cottage cheese	24.55	28.89	28.50	32.31
Hard rennet cheese (of the varieties "Poshekhonskiy," "Roslinsky," "Kostromskiy," "Yaroslavskiy," "Gollandskiy," etc.)	246.62	231.07	221.85	235.45
Feta cheese	96.17	88.86	93.24	92.08
Canned fish, price per standard 350-gram can, natural, with oil added (mackerel, scad)				
Canned tomato puree and paste				
Chicken eggs (price per 10)	24.94	26.81	27.75	29.81
Granulated sugar	70.63	64.65	71.99	72.88
Ordinary cookies (of the variety "Apelino-voye," "Privet," etc.)	109.00	57.14	60.98	
Spice cake	38.00			
Caramel candy, wrapped	150.00	156.67	150.00	144.42
Bohea black tea, highest quality	377.06	421.11	479.26	508.11
Salt				
Highest grade wheat flour	20.67	22.26	21.57	20.75
Wheat bread made of highest grade flour	25.00			
Pretzels from highest grade flour	60.00			
Milled and polished rice	25.24	28.75	28.57	30.88
Semolina	25.00	25.00		
Milled millet	19.00			
Unmilled buckwheat	50.00	53.00	56.84	58.87
Ground split peas				
Macaroni, regular and fancy, various styles of cut (long and short), made from highest grade wheat flour	48.00	52.86	53.33	62.42
Vermicelli, made from highest grade wheat flour	50.00	60.00	47.60	70.00
Elbow macaroni, all varieties, from highest grade wheat flour	66.67			
80-proof vodka, price per liter	326.96	362.22	341.47	336.89
Mayonnaise	130.00	130.00	149.25	160.00
Potatoes	21.88	20.85	19.78	19.80
Fresh green-head cabbage	15.16	14.61	16.72	17.73
Yellow onions	24.96	23.19	24.48	28.09
Garlic	86.30	86.65	96.60	102.75
Red beets	28.56	26.01	25.92	24.91
Carrots	29.11	27.02	25.19	25.86
Apples	48.31	42.28	38.29	36.80

Average Prices for Food Products in the Russian Federation (City Market) (Continued)

Representative products	11 August 1992	18 August 1992	25 August 1992	1 September 1992
Tobacco products, price per pack of cigarettes	14.21	15.08	17.38	17.13
Tobacco products, price per pack of filter cigarettes	33.37	36.67	44.82	45.87
Matches	1.27	1.90	1.53	1.68

Note: The commodity price is per kilogram; meat cutlets and eggs—for 10; milk, kefir, and vodka—per liter; canned fish products per standard can; tobacco items and matches—per pack.

Average Prices for Food Products in the Russian Federation (Retail Trade and City Market)

Representative products	11 August 1992	18 August 1992	25 August 1992	1 September 1992
Beef, Category 1	104.79	108.03	112.01	116.31
Pork	118.24	121.65	125.05	138.25
Meat patties (per 10)	54.02	63.43	62.70	64.74
Pelmeni (meat-filled dumplings), frozen	58.59	59.03	62.19	63.16
Boiled sausage, Grade I	129.35	131.61	130.09	137.31
Salami, Grade I	184.80	188.13	193.43	203.66
Live fish	40.20	40.46	43.69	48.07
Mackerel, quick-frozen, refrigerated, unsegmented	37.78	38.81	39.16	42.64
Fish filet (mackerel)	47.90	51.85	54.18	54.40
Smoked fish (mackerel)	65.06	76.30	82.44	90.77
Herring, salted and brined, ivani	66.09	73.24	72.20	68.93
Butter	181.60	182.30	184.31	188.70
Vegetable oil	53.40	53.81	54.39	57.79
Melted pork fat	70.33	64.43	66.66	65.51
Table margarine	72.74	72.51	71.71	76.36
Pasteurized milk, 3.2-3.5 percent fat	9.03	9.27	9.58	9.85
Fatty kefir	9.74	9.89	10.08	10.69
Sour cream	61.87	61.99	63.93	64.51
Cottage cheese	49.26	48.72	47.73	47.80
Low-fat cottage cheese	20.95	20.25	19.32	20.23
Powdered cow's milk	87.41	88.05	89.13	90.82
Hard rennet cheese (of the varieties "Poshekhonskiy," "Romiyskiy," "Kostromskiy," "Yaroslavl'skiy," "Gollandskiy," etc.)	145.47	144.97	148.34	152.53
Pasteurized processed cheese (of the varieties "Drushba," "Volna," "Yantar," "Leto")	101.18	114.71	112.47	115.72
Feta cheese	87.30	83.31	84.60	82.33
Canned fish, price per standard 350-gram can, natural, with oil added (mackerel, scad)	36.28	36.07	40.40	39.47
Canned fish, price per standard 350-gram can, salmon in tomato sauce	42.46	47.87	52.08	51.46
Canned tomato puree and paste	53.79	54.65	54.01	57.95
Canned fruit for children	53.19	53.61	56.14	57.43
Chicken eggs (price per 10)	22.41	22.96	24.26	25.02
Granulated sugar	55.33	55.46	56.09	58.56

Average Prices for Food Products in the Russian Federation (Retail Trade and City Market) (Continued)

Representative products	11 August 1992	18 August 1992	25 August 1992	1 September 1992
Ordinary cookies (of the variety "Apelino-voye," "Privet," etc.)	64.09	65.32	64.86	69.06
Spice cake, bulk	57.11	56.81	56.42	58.83
Caramel candy, wrapped	111.99	114.79	115.18	117.80
Bobas black tea, highest quality	276.13	297.20	296.93	294.49
Salt	5.19	5.40	5.35	5.93
Rye flour	10.15	10.61	10.43	9.67
Highest grade wheat flour	17.97	18.93	18.74	20.82
Rye bread	9.77	9.82	10.19	10.78
Rye-wheat bread	9.08	9.31	9.94	12.06
Wheat bread from all-wheat flour	6.99	7.31	7.25	5.42
Wheat bread from highest grade flour	18.43	18.80	20.05	21.35
Wheat bread from Grade I and Grade II flour	11.85	11.91	12.19	13.82
Rolls and buns from highest grade wheat flour, price per 500 grams	11.86	11.64	11.55	13.53
Rolls and buns from Grade I wheat flour, price per 500 grams	9.16	9.26	9.23	10.71
Rolls and buns from Grade II wheat flour, price per 500 grams	13.00	10.00	11.84	13.50
Pretzels, Grade I wheat flour	39.39	39.57	39.22	39.59
Rusk, Grade I wheat flour	44.00	46.70	48.01	50.36
Milled and polished rice	29.11	29.66	30.98	30.25
Semolina	14.72	15.00	15.33	16.21
Milled millet	8.90	9.23	10.21	10.39
Unmilled buckwheat	42.71	44.05	49.23	50.38
"Gerkales" oatmeal	21.12	22.82	24.49	23.59
Ground split peas	8.74	10.43	11.37	11.38
Macaroni, regular and fancy, various styles of cut (long and short), made from highest grade wheat flour	33.23	35.96	36.39	37.35
Macaroni, regular and fancy, various styles of cut (long and short), made from Grade I wheat flour	22.51	24.93	25.48	26.47
Noodles, made from highest grade wheat flour	25.34	26.81	27.82	29.81
Vermicelli, made from highest grade wheat flour	26.60	27.78	29.85	29.25
Elbow macaroni, all varieties, from highest grade wheat flour	26.25	26.25	26.25	28.05
80-proof vodka, price per liter	256.55	256.73	253.88	255.44
Mayonnaise	86.82	88.88	94.32	89.69
Potatoes	21.38	20.80	19.64	19.90
Fresh green-head cabbage	13.90	13.84	14.10	14.72
Yellow onions	23.91	22.75	23.27	25.50
Garlic	85.65	86.24	95.89	103.06
Red beets	21.23	19.82	20.40	20.03
Carrots	26.01	24.07	23.17	23.25
Apples	46.11	40.98	37.97	36.60

Average Prices for Food Products in the Russian Federation (Retail Trade and City Market) (Continued)

Representative products	11 August 1992	18 August 1992	25 August 1992	1 September 1992
Tobacco products, price per pack of cigarettes	10.66	10.50	11.68	12.57
Tobacco products, price per pack of filter cigarettes	19.94	22.85	26.16	28.94
Matches	1.14	1.17	1.16	1.23

Note: The commodity price is per kilogram; meat cutlets and eggs—for 10; milk, kefir, and vodka—per liter; canned fish products per standard can; tobacco items and matches—per pack

Average Prices on Nonfood Products in the Russian Federation

Representative product	11 August 1992	18 August 1992	25 August 1992	1 September 1992
Men's light overcoat, wool blend	3,334.53	3,423.61	3,291.20	3,383.38
Two-piece suit, wool blend	2,626.85	2,675.12	2,692.39	2,766.76
Men's trousers, wool blend suit fabric	730.36	740.18	739.12	763.63
Men's shirt, cotton fabric	256.18	263.74	263.42	268.88
Women's light overcoat, wool blend	3,952.44	3,798.87	3,867.67	3,920.73
Women's dress, wool blend	737.18	759.38	740.47	799.89
Boy's jacket, lined, synthetic fabric	902.52	917.16	913.18	999.87
Girl's dress, wool blend	291.84	305.15	308.62	309.28
Boy's shirt, flannel or fustian	91.42	94.40	94.94	98.54
Men's jumper (sweater), pure wool yarn	1,165.68	1,238.33	1,253.62	1,266.64
Children's T-shirt, cotton fabric	44.02	43.57	44.10	44.98
Women's pantyhose, elastic	78.63	80.02	81.58	83.93
Men's socks, cotton	37.55	38.01	39.00	38.64
Children's socks, cotton	17.03	16.85	17.91	17.80
Children's tights, cotton	61.05	61.32	63.18	64.21
Men's low shoes, fashion, with natural leather sole	1,449.92	1,521.14	1,474.16	1,523.99
Women's boots, low-heel or platform sole, lined with textile material, with polyurethane sole	2,084.08	2,062.87	2,171.51	2,101.70
Women's summer shoes, fashion, with high (or medium) heel, with natural leather sole or imitation leather	1,453.10	1,463.24	1,482.88	1,548.33
Summer shoes for school-age girls, medium heel, porous rubber sole	304.21	320.80	333.18	343.68
Refrigerator, floor-standing, semi-automatic defrost (KSh- 260)	19,234.79	19,719.40	19,171.94	20,541.86
Electric iron, automatic	634.57	640.73	648.97	692.10
Color television, non-portable (screen diagonal 61-cm.)	18,746.50	19,294.90	19,982.26	20,317.05
Gasoline	7.62	7.66	7.61	7.65
Coal	131.69	135.71	138.03	143.01
Firewood	63.43	64.78	64.84	65.22
Peat briquettes	114.15	114.15	112.96	113.08
Electric power (urban localities)	0.23	0.23	0.23	0.23
Electric power (rural localities)	0.15	0.15	0.15	0.15

Note: Commodity price is per unit; gasoline—per liter; coal per tonnes; firewood and peat briquettes—per cubic meter; electric power—per kw-hour

Saburov on '12 Steps' to Economic Recovery934A01204 Moscow ROSSIYSKIYE VESTI in Russian
21 Oct 92 p 3

[Article by Tamara Zamyatina TASS "Exclusive" for ROSSIYSKIYE VESTI: "Opinion. What If Gaydar Did Not Think of It? Former Deputy Prime Minister Advises 12 Steps Away From the Abyss"]

[Text] During the time when the press was busy making much of the Civic Union economic program, linking its origin to the name of Arkadiy Volskiy, the author of "12 Steps Away From the Abyss," (that was the name of the program), the former deputy prime minister of the government of Russia, Yevgeniy Saburov, remained in the shadows, and he still does to this day. He explains his "modesty" by his lack of scholarly vanity and by references to historical analogues.

Yevgeniy Saburov is now in charge of the Center for Social Technologies under the government of Russia and does not consider his professional skills out of place. During the course of our interview in his office, the phone rang and he admitted that almost all of his proposals from "12 Steps" were included in the government program and that it is starting to carry them out. Thus it became clear that rumors about the Civic Union's opposition to the government course had been greatly exaggerated. Moreover, speaking in parliament, the president of Russia emphasized: "Businesslike proposals and useful ideas of political movements...including the Civic Union and Democratic Option, are now constantly appearing.... Some of these proposals are being realized by the government. But there are many valuable ideas that seem to go unnoticed, conveying an inappropriate skepticism. They must be utilized. And not rejected just because Gaydar did not think of them."

What ideas lay at the basis of the "12 Steps"? In the first place, the document's author believes, it is necessary to "return to state management of state enterprises." This startling assumption, which recalls the postulate of the unforgettable Nikolay Ryzhkov concerning a "regulated market," actually means the following: "If an enterprise must be managed by its owner, then the state does not have the right to refuse to manage state enterprises," thinks Yevgeniy Saburov. "If the independence of enterprises is eroded to such an extent that the state is not concerned about its profit, plunder begins. This means that profit should go for reproduction, for investments, or else the state cannot have a future. Otherwise it turns out that the enterprises, utilizing all the advantages of freedom, do not bear the responsibility that goes with this freedom."

In Saburov's opinion, it is necessary "sharply to step up the creation and development of financial institutions that contribute to the accumulation of the funds of the population." Saburov considers it abnormal that people have stopped saving money, for throughout the world money is concentrated in banks. He is convinced that in the near future we must create financial institutions

where the population can save money for old age, housing, medical treatment, and education, and where these savings are indexed according to the growth of inflation. "The creation of a savings base is a matter of the country's future, but as of now we are eating everything up," he emphasizes.

Real liberalization of exports and a rejection of the nomenklatura's forbidding-permitting game, Saburov thinks, will prevent the withdrawal of capital from Russia and ultimately attract the attention of Western businessmen to the Russian investment market.

The point in common between the president's speech in parliament and the "12 Steps" was the idea of the need to support domestic entrepreneurs. Here Yevgeniy Saburov draws special attention to the development of productions that can be oriented toward exports in the near future.

As the leader of the Center for Social Technologies, Saburov is developing a strategy for targeted support for the neediest segments of the population, and he is convinced of the need to give priority to the social sphere, which "will require changes in both the legislative and governmental policies."

The task of conducting conversion of defense productions under state supervision is singled out as a separate point in the program.

In the sphere of agriculture, Saburov considers the transformation of the supply, storage, processing, and sale of agricultural products during the fall and winter to be a key issue. The currently existing supply and sales systems cannot accommodate farmers; they are intended for serving kolkhozes and sovkhozes, he emphasizes. Hence the task of privatization of intermediary organizations. The main factor leading away from the abyss of the crisis, in Yevgeniy Saburov's opinion, is harmony of various social groups which represent our varied, heterogeneous society. It is the Civic Union's objective of achieving national accord that attracts the economist in this political movement.

At the same time, he stipulates that the "12 Steps" do not claim to be a global anticrisis program; this document, in his words, specifies necessary measures in the key branches and is a "synthetic" product which includes the ideas of many economists. Be that as it may, the concept that is presented is not a speculative schema such as the many that have been published. In any case, it was not without benefit that the head of the administration of Shakhovskiy Rayon, Nikolay Travkin, spent many hours in Saburov's office. He has now become a practical expert on the question of privatization, to whom people come from all over Russia "for experience." Vice President Aleksandr Rutskoy also listens to Saburov's advice on agrarian reform. He is convinced that distributing the land is not the shortest path to

freeing farming, and that it would be much more effective to sell it through land banks and to adapt intermediary organizations in rural areas to the needs of the producers.

And regarding the paradox that the "12 Steps Away From the Abyss" program was simultaneously taken up by the government of Russia and the Civic Union, Yevgeniy Saburov said: "I am a professional, and I engage in my studies not for politicians but to help our economy."

Supreme Economic Council Gives Gloomy Prognosis for 1993

934A0120B Moscow IZVESTIYA in Russian 20 Oct 92
Morning Edition p 2

[Article by V. Ispravnikov, chairman of the Supreme Economic Council; V. Babintsev, secretary of the Supreme Economic Council; A. Kugayenko, director of the DIN-Prognoz Scientific Center; and G. Soloveychik, deputy director of the DIN-Prognoz Scientific Center: "A Little to the Left...A Little to the Right.... Prediction of the Development of the Russian Economy for 1993"]

[Text] IZVESTIYA has already published predictions of the development of the economy of Russia made by specialists of the Supreme Economic Council and the DIN-Prognoz Scientific Center. By comparing these predictions with the real development of events, one can see where they agree. This makes it possible to say that the computer models of the dynamics of socioeconomic development used in these studies are a sufficiently reliable instrument for prognostication.

Today we are publishing an excerpt from the new study of the Supreme Economic Council and the DIN-Prognoz Scientific Center. The purpose of the study was to predict the development of the economy of Russia at the end of 1992 and in 1993.

Today it is clear to everyone, even the most avid supporters of the economic reform conducted by the government, that it has not led to the results they had predicted. The real processes in the economy, constrained in the strong vice of monetarism, turned out to be extremely remote from the traditional reaction to it which has been observed repeatedly in other countries. Not having abandoned the habits of a planned economy, industry responded with an unprecedented phenomenon—a nonpayment crisis which threatens a complete subversion of the entire financial system. The decline of production reached threatening proportions, but it still did not lead to the structural rearrangement of industry that was needed so badly. The budget is not being met, with respect to either revenues or expenditures, and revenues have turned out to be considerably less, while expenditures have been greater than planned.

Under these conditions, specialists suggest a multitude of measures for adjusting the economic policy. The dispute between the monetarists, who demand a strict

financial policy, and the Keynesians, who recommend increasing credit and cash-money emissions to stimulate production, is flaring up with renewed force. The economy of Russia, in turn, has ended up at a crossroads. What do the different paths promise us?

The models were used to study a number of versions of the probable development of the economy of Russia, which correspond to the implementation of the most actively discussed proposals for overcoming the economic crisis. They include:

1. A strict financial policy, the main lever of which is a sharp reduction of credit emission.
2. Elimination of the nonpayment crisis and stabilization of production through credit emission (this version is the basic one, and all subsequent versions include this measure as a constituent part).
3. Liberalization of prices of energy sources as of 1 January 1993.
4. Indexation of incomes of the population, beginning in October 1992.
5. Implementation of a program for conversion of the military-industrial complex (beginning October 1992, budget expenditures for defense will be reduced by 20 percent, and these along with additional funds allotted from the budget will be used to finance the retooling of a considerable share of the defense industry enterprises for producing civilian products).

A comparative analysis of the results of the modeling make it possible to draw the following conclusions.

If one follows just the course of the strict monetarist anti-inflation policy, this could lead to a decline in production of 55 percent by the end of 1993 (here and henceforth, the base line is taken as the level at the end of January 1992). And the decline, which will affect consumer goods production as well as heavy industry, might not lead to a restructuring of the economy. As a result of the decline in production, the rapid drop in the standard of living will continue (consumption of food products decreases by half, and nonfood goods—fivefold), as will unemployment, which will affect more than half of the able-bodied population. All this carries the threat of serious social upheavals. And the main objectives of the policy are not met—reduction of the budget deficit and restraint of the growth of prices.

The version of elimination of the nonpayment crisis through credit emission does more to halt the collapse of the economy than the preceding one does. With this one the decline of production volumes could be 41 percent in two years, and the consumption of food products would decrease by 40 percent, industrial goods—by 70 percent, and unemployment would affect about 32 percent of the able-bodied population. The payment for this would be higher rates of inflation, since by the end of 1993 the cash-money emission would probably reach 1.3 trillion rubles [R]. The path of liberalization of the prices of

energy sources effective in January 1993 (note that the 1992 increase in their prices was taken into account in all versions) will lead to a more rapid growth of prices and make additional monetary emission necessary.

Indexation of the incomes of the population leads to cataclysmic growth of retail prices, which will necessitate an almost 10-fold increase in the cash-money emission at the end of 1993, as compared to December 1992. Under these conditions, not only is indexation practically incapable of maintaining the standard of living, but it also prompts processes leading to its decline. And the overall production of products will decrease by 46 percent by the end of 1993, and there will be considerable unemployment.

Conversion of part of the military-industrial complex (20 percent in 1.5 years) produces positive results, not immediately, however, but in one or two years. In this version the decline of production by the end of 1993 will be 37 percent (the least reduction of the five versions). In spite of the increase in the cash-money emission by the end of 1993, there will still be a reduction of the growth rates of prices of food products, because of the less drastic reduction of their production (as compared to the other versions).

Unfortunately, none of the aforementioned versions provides an opportunity to overcome the deepening economic crisis in 1992-1993. On any of these paths we will encounter ordeals capable of causing a social explosion and of throwing the country into poverty and chaos. Obviously, in order to have a worthy entry onto a smooth economic road, we need fundamentally different measures, which can maintain the standard of living during the period of radical restructuring of the economic mechanism.

Studies in modeling the dynamics of the socioeconomic development of Russia will be continued.

From the editors:

It is not without reason that doctors avoid giving patients the history of their disease: An uninformed person is not capable of correctly interpreting what he reads in the language of specialists, and he may imagine things that the doctors did not have in mind. To a certain degree, such is the nature of the calculations done with the aid of computer models that have been offered for the readers' attention. But the results of economic studies, as distinct from medical ones, cannot and should not be hidden from the "patient."

Everyone participates in the economic process, including the treatment of our economy, and as many as possible should understand it. When reading the materials about the calculations published here, one should correctly assess their conventional nature. Each of the versions is based on proposals concerning the "pure" influence of the selected factor, completely independent of other factors. This never happens in reality. But such calculations give one an idea of the important tendencies at

work in the national economy and the dangers that might arise with a one-sided attachment to one or another method of affecting economic development.

Even more important is the basic conclusion that follows from the proposed calculations: Restrictions or limitations alone, be they budget, credit, or others, cannot produce a positive result with any combination of factors. The result of all of them is a tendency to lessen economic development. It is necessary to attract new resources, to engage new sources of growth and additional incentives for business activity.

Possible solutions of this kind are no secret to economists. The creation of a full-fledged market for land, production capital, and housing, and the creation of economic conditions for extensive enlistment of foreign capital—all this has been discussed for a long time and has still not been resolved in the legislative organs. The calculations given show how dangerous delay in these matters can be.

Committee Chairman on Prospects for Small Businesses

934A0120C Moscow SELSKAYA ZHIZN in Russian
20 Oct 92 p 2

[Interview with P.A. Myagkov, chairman of the Committee for the Support of Small Enterprises and Entrepreneurship, by Ye. Petrakov; place and date not given: "Interview of Current Interest. Within the Framework of Small Business"]

[Text] You and your friends have decided to start a private business: a small bakery, a sausage shop, or a fur business. Where do you begin? To whom do you turn for help when you encounter various kinds of obstacles? Until recently, there was no state organ in Russia in charge of the sphere of small business. And only recently, under the State Property Committee of the Russian Federation, by an edict of the president of Russia, the Committee for the Support of Small Enterprises and Entrepreneurship was created.

P.A. Myagkov, the committee's chairman, tells a SELSKAYA ZHIZN correspondent about small business, the problems of establishing one, and the functions of the new committee.

[Petrakov] Petr Andreyevich, before you tell our readers about the new government structure, could you explain what small enterprises are, and why the state considers it necessary to give special assistance to them?

[Myagkov] The problem of restructuring the economy which Russia faces insistently demands the restoration and development of small entrepreneurship. A small enterprise is usually taken to mean an enterprise employing up to 200 workers, and in a number of branches—fewer than that. These are the kinds of enterprises that exert the strongest influence on the dynamics of the industrial complex.

Today we are overcoming the opinion which existed for a long time that small enterprises mean technical backwardness and impede the development of the economy. Such an opinion derives from the megalomania that was entrenched for many years. It would be advantageous to operate according to this rule: The smaller the objects of control, the easier it is to control them, and the easier it is to plan their activity from the center. But we have lost sight of the tendency toward the active development of small business that has appeared everywhere. It is within its framework that we see the development of new technologies and new kinds of products, which later turn into separate productions. As a rule, the largest corporations, the leaders in one branch of production or another, have started as small firms.

The restructuring of the economy will inevitably lead to mass unemployment, unless we show concern for small entrepreneurship. It is small enterprises that now provide 70-80 percent of the jobs. Such is the experience of countries with developed economies.

But here is what is essential. In these countries there are central government organs responsible for aid to small entrepreneurship. In the United States it is the Small Business Administration, in Japan—the Small and Medium-Sized Business Administration, etc. We now have such a government structure as well.

[Petrakov] What goal has the government set for the committee?

[Myagkov] To provide all-around support for small business. It is no secret that in a situation with the constant growth of prices and stiffening of the tax policy, business activity has essentially ground to a halt. We need at least 10-15 million small enterprises. So far they number in the tens of thousands, reaching perhaps 150,000, at best. But only a minority of these are engaged in productive activity. It is still possible to succeed in trade today, but it is practically impossible to produce products that the people need. The state must help business people get on their feet. Our committee was created for this.

[Petrakov] Will you be managing businessmen in Russia?

[Myagkov] No, we do not intend to manage anything. Our task is different: to start up a mechanism for support of small entrepreneurship. An entire program has been developed for this. It consists of three stages. To begin with, it is necessary to create a normative-legal base for entrepreneurship, to form the market infrastructure, and to change state control of small business. We will try to do this during 1992-1993. Then, during 1994-1997 we shall expand the sphere of services for business people. It should encompass both large industrial centers and small cities, villages, and settlements. Representatives or branches of the International Fund for Support of Economic Reforms in Russia will function there. We will also organize our own centers for supporting small enterprises. We calculate that by this time the number of

small firms will reach 5-7 million. And in the third stage, in 1998-2005, in our opinion, entrepreneurship in Russia will be able to develop intensively on its own steam.

[Petrakov] You have depicted a glowing future. But what kind of help can people who have decided to start their own business count on from you today?

[Myagkov] To begin with, let us clarify that all who call themselves business people can count on our assistance. In the business world we distinguish those who would like to produce products from those who will render services. And we shall offer mainly legal, scientific, organizational, and financial support.

[Petrakov] The last is especially important. But how will it be possible for the committee to do this?

[Myagkov] One special feature should be emphasized here. Although we shall conduct our activity for supporting small business in Russia at the expense of the budget, this is not our only source of funds. The committee has the right to participate in the organization of market structures itself, which makes it unique among state administrative organs. It can supply budget funds for the creation of commercial structures: banking, capital. But with one reservation: Any income the committee receives does not go to its workers, but is used for the development of entrepreneurship in Russia.

The Ministry of Finance of Russia is now working on the problem of placing financial funds at the disposal of the committee. Only with this will it be possible to count on real assistance. Some of these funds will be used to support the activity of the International Fund for Support of Economic Reforms in Russia, which is actively working on the development of small enterprises.

[Petrakov] And what do you, Petr Andreyevich, advise for business people who are living in rural areas now? What areas of activity do you see as most promising for them?

[Myagkov] First of all, there is activity directed toward preserving and delivering to the consumer all the agricultural products produced by the kolkhozes, sovkhozes, and farmers. An unconscionably large amount of these products perishes. So it is necessary as quickly as possible to develop in rural areas small plants for producing sausage, cheeses, various kinds of canned goods, and bakery and confectionery items. The rural areas are waiting to have more flour mills, hulling mills, oil mills, and various kinds of shops, including for consumer services. Further. Small rural enterprises could render invaluable assistance in preserving nature. Take a large hog complex. The very size of such a production creates an ecological problem. Here is a place where they can make a difference: They can help the peasants and make money themselves. The committee is working in earnest on organizing the production of the necessary sets of equipment for small enterprises, including for rural areas.

As we develop activity in these directions, we will not forget about the traditional trades and handicrafts. All this together could in a relatively short time create the necessary conditions for the revival of once flourishing villages and hamlets that have now fallen into neglect, and could give all villages a modern new appearance. In the comprehensive program for the development of entrepreneurship in Russia drawn up by the committee, a special section deals with contributing to the development of farmer-run farms.

[Petrakov] So rural business people, too, can count on assistance from your committee. To whom should they go?

[Myagkov] All interested people can take their problems and wishes to the following address: 103685, Moscow, Proyezd Vladimirova, 9, Committee for Support of Small Enterprises and Entrepreneurship under the State Property Committee of the Russian Federation. A shorter version of the name of our committee is Goskompredprinimatelstvo Rossii.

[Petrakov] And the last question: What paths have brought you, Petr Andreyevich, to the post of committee chairman?

[Myagkov] I was born in Altay Kray and graduated from Novosibirsk State University. By specialty I am an economist-mathematician and a candidate of economic sciences. I have worked in the USSR Srobybank and the USSR Gosbank and was in charge of the fund for support of small entrepreneurship. My last position was adviser to Ye.T. Gaydar on problems of entrepreneurship.

Granberg on Functions of Economic Cooperation Council

924A0119A Moscow ROSSIYSKAYA GAZETA
in Russian 23 Oct 92 p 3

[Article by Yuriy Popov: "The Vector of Power"]

[Text] By an edict of President B. Yeltsin the Council for the Study of Productive Forces has been transformed into the Council for the Distribution of Productive Forces and Economic Cooperation (SOPSiES). It would probably be more precise to call the new center an extension of the life of one of the oldest scientific research organizations in the country.

"As early as 1915," says academician A. Granberg, who was recently appointed council chairman, "on the initiative of V. Vernadskiy, a Commission for the Study of Natural Productive Forces of Russia made its appearance in Russia. Drawn into a war, the country was cut off from its raw material bases, and it shipped almost everything in from abroad. It was necessary to commit forces to prospecting for minerals on our own land and building up transportation facilities as well as to think

about the regional distribution of the enterprises. The most eminent scientists were included on the commission."

Let us add to the chairman's comment the fact that subsequently, in 1930, the commission was transformed into the SOPS. In essence it grew into a large scientific research institute. The fact that the word "council" remained was a tribute to tradition. The council worked on solving certain of the most important regional problems and then developed comprehensive problems related to prognostication in the area of distribution of the productive forces of the entire country and the regions. During the past 15 years the organization also rendered methodological aid to certain foreign countries in drawing up plans for the development and distribution of their productive forces. SOPS research became widely recognized.

"But still one must note," continues A. Granberg, "that when working on a system of long-term planning and prognostication, the council clearly did not keep pace with the times. One must say that its weak points included the problematic of the economic mechanism, the development of principles of economic interaction of regions, economic incentives for efficient distribution of productive forces, etc.

"Now it is charged not only with solving complicated problems of reviving the economy of Russia and its regions and interpreting them, but also cooperating with countries of the CIS and other former republics of the Union, and studying patterns and tendencies in the development of their economies. After all, we have, for example, institutes that study such processes in the United States, Canada, and countries of Latin America and the Far East, Europe, and Africa. So is it really less important for us to know how and in which direction the national economic complexes of Ukraine and Kazakhstan are moving?

"So our organization's name now unites two key areas of activity: distribution of productive forces, including study of the peculiarities of the economies of the regions and the possibilities of their effective integration, and economic cooperation with states that have recently become foreign. Hence it is clear that the SOPSiES is a unique formation. Close it down and there will immediately be a break in the chain of the most important economic research and prognostication of economic policy."

A. Granberg anticipates considerable difficulties in the reorganization of the council, especially because in recent years it has lost a considerable share of its experienced and talented specialists. Cosmetic repair and simple shifting of personnel will not be enough. And the council's tasks are also changing since they are directly linked to the generation and reinforcement of new economic relations. One can say that the institute is gaining new incentives and getting a second wind.

Our note.

Granberg, Aleksandr Grigoryevich—chairman of the SOPSIES, the only academician in the country whose specialty is "regional economics." He worked in Siberia for many years and was director of the Institute of Economics and Organization of Industrial Production. In 1990 he was elected chairman of the Russian Federation Supreme Soviet Committee for Questions of Interpublic Relations, Regional Policy, and Cooperation. Since the autumn of 1991 he has been a state adviser of the Russian Federation and now he is adviser to the president of the Russian Federation for economic and social issues of the Commonwealth of States.

Work of Anticorruption Commission Detailed

934A0119B Moscow NEZAVISIMAYA GAZETA
in Russian 8 Oct 92 p 2

[Interview with Mikhail Gurtovoy, assistant to the acting chairman of the Government of the Russian Federation and secretary of the government commission for financial and legal control in the most important branches of the national economy, by Anna Ostapchuk; place and date not given: "'We Do Not Know One One-Hundredth of What We Should Know, But We Will Definitely Find Out,' Thinks Mikhail Gurtovoy, Assistant Government Chairman for Fighting Corruption"]

[Text] Recently a directive came out concerning the formation of a government commission whose jurisdiction includes financial and legal control in the most important branches of the economy. The head of the commission is Yegor Gaydar. Mikhail Gurtovoy, assistant to the acting chairman of the government of the Russian Federation, is the commission's secretary. The commission also includes Minister of Security Viktor Barannikov, Minister of Internal Affairs Viktor Yerin, Minister of Foreign Economic Relations Petr Aven, Minister of Finance Vasily Barchuk, Minister of the Economy Andrey Nechayev, and First Deputy Minister of Fuel and Energy Eduard Grushchenko. Today NEZAVISIMAYA GAZETA presents an interview with the commission's secretary, Mikhail Gurtovoy.

[Ostapchuk] The group for financial and legal control and fighting corruption which you head began its work a fairly long time ago under Gaydar. Can any line of succession be traced here?

[Gurtovoy] Yes, this team will become the nucleus of the new commission's work group. And it will come to the commission with a certain amount of baggage. In a half year they have returned to the country \$2.5 million worth of stolen geological information. They have stopped several tens of millions of rubles' worth of illegal transfer operations. And these transfers were planned at such a depressing exchange rate that they could "drag" the ruble down even more. They returned about 100 million rubles to the state because they stopped the attempts by the liquidation committee of the USSR Ministry of the Economy headed by Leonid Zapalskiy

from transferring state property to a joint venture. They fired from the post of deputy minister for public health such a "dinosaur" of foreign economic activity as Vasily Gromyko, who combined state and commercial activity in a way that was very advantageous to him. But nonetheless I personally was not very satisfied with the work of this team. The chairman of the government was not very satisfied either. Much of our activity was unprofessional. Although we had the best, highly professional people, who could not be accused of playing the role of home-grown Pinkertons. The investigator for particularly important cases of the USSR Procuracy, Nikolay Alekseyevich Yemelyanov, headed up the criminal investigation division. Yevgeniy Pavlovich Karabanov was deputy chief of the KGB administration for Moscow and Moscow Oblast.

Incidentally, this group was good in that it was a commission for "national accord." We were all people with differing political views. Many of my fellow workers hold positions more in line with the state, more to the right. I came from MOSKOVSKIYE NOVOSTI and was a left-wing radical—speaking in terms of the old alignment of forces. But we were included on the commission in keeping with a different principle, the principle of integrity, and therefore certain ideological differences did not hinder us from doing our work. The lack of professionalism in our work was explained by the fact that we were separated from the Ministry of Security and from the Ministry of Internal Affairs. The closed nature of these departments, which was understandable and justified, created a boundary between them. Today I hope this boundary is "melting away." The chairman of the government decided to head up the commission himself and I will be the official secretary. It will include ministers of the "power" ministries, ministers who are responsible for the most important branches of the national economy. And while previously we tried to expose an individual bribe taker, or even a "cluster" of bribe takers who were impeding the reforms, today we are convinced that the most important branches—the currency-intensive ones—are in need of the strictest financial and legal monitoring. Therefore the commission's task is to coordinate work for achieving this goal and to gather all forces together into a "fist." First we will take a concrete problem—an economic problem which has become a political one—and solve it with all the means at the disposal of the state—orders for the given ministry and investigation by the Ministry of Security and the Ministry of Internal Affairs and work investigations.

[Ostapchuk] Where does the commission's work begin?

[Gurtovoy] The subject of its first meeting was oil. We want to figure out why the return from oil exports is so insignificant. And we want to separate the mistakes from the crimes. What has been disturbing us? The regions and individual oil associations were given quotas for exporting oil and granted independence. They could buy everything they needed with their profit revenues: pipes, warm clothing, food. And what are we hearing again: We

have nothing, the government has given us nothing, our need for pipes has been satisfied by only four percent, brigades are standing idle, the wells are not operating. Where did the oil go? For the directors' Mercedes which are wading through the Tyumen mud today? Yes, that was one of the places. But we must look for most of the losses in foreign banks. Today we know about many of them and we are trying to discuss this using evidence available to the commission.

[Ostapchuk] How suitable is current legislation for carrying out your commission's tasks?

[Gurtovoy] It is terribly unsuitable. A half year ago when we began our work we understood that we would be playing in "no man's land." In a place where socialist legislation, which says that any kind of resale is speculation, is not in effect. And the laws of the civilized world—banking conventions, etc.—which regulate business life in the West are not in effect yet. But the gaps in legislation must be filled by the corresponding commission of the Supreme Soviet. Everyone cannot do everything. We are like firemen. If there is a blaze, we go to it. We are that kind of group for rapid reaction.

[Ostapchuk] And do you have everything necessary to put it out?

[Gurtovoy] By virtue of its status the commission will have extraordinary authority. It is like a medical consultation group. Our society is seriously ill. And people are gathered together to cure it. Among them are surgeons—they are the Ministry of Internal Affairs and the Ministry of Security of Russia. They can tell where the abscess can be lanced. There are therapists—the ministers—who are directly responsible for the most important branches. There is a medium—someone with extrasensory perception who has certain secret knowledge. And there is a person who makes the decision. That is Yegor Timurovich.

[Ostapchuk] You have been working on the problem of corruption for several months now. How would you describe the specific features of this phenomenon in our country?

[Gurtovoy] A couple of preliminary considerations. No matter which ministry you go to today, the chief specialists and deputy ministers are essentially traveling salesmen from foreign firms. Each one pushes through the order of the firm to which, to put it mildly, he is sympathetic for various reasons. And what happens here? I cannot stand it when people say that one of the genetic peculiarities of our country is that everyone here steals. Usually they want to use this philosophy to justify their own lack of scruples.

There is a theory that all evolution is a path from bondage to freedom. The rock, the plant, the animal, the human being, who is the most unfettered.... Using this theory as a point of departure, one can say that all history of civilized mankind in his business relations develops from the habit of stealing and taking things to modern

business ethics, honest exchange, and honest production. An example is Switzerland, which has become one of the richest countries with nothing but honesty. But we have had a catastrophe. The past 70 years have made thieves of us. The system of universal thievery, whereby the general secretary stole a great deal and the worker was allowed to pinch a board from the plant in order to start him on the path of dishonesty, has halted the evolutionary process in our country. When the right-wingers say that they will restore order by driving a considerable proportion of the population into camps—we shall leave to the side whether this is good or not—in fact they will not accomplish anything. Thieves can steal in the camps just as well as anywhere else. Even under Stalin they managed to steal quite nicely. We are now unraveling several cases whose roots go back to the thirties: They took bribes and stole things then, too. It is simply that then it was not out in the open: They did not drive around in Mercedes. Now everything has risen to the surface. The main thing is not to expect immediate results even from the most effective measures. It seems to me that the disease will respond to gradual treatment—through improvement of the economy. A healthy economy and entry into the civilized world will automatically force our businessmen, who began as traffickers, to be honest. And in order to make our economy healthy, they must not steal oil, coal, timber, and so forth. We shall try to break this psychological vicious circle by combining police, economic, political, and organizational measures.

[Ostapchuk] Could you give us an example of successful use of this approach?

[Gurtovoy] For example, geological information. There is information showing what kinds of oil deposits we have and where they are located. This information used to be absolutely secret. Anyone who gave it to a foreigner was hunted down and executed—for espionage. Everything was simple, there were no takers. Moreover, foreigners did not even need it. Even in the geostrategic sense: Except perhaps to calculate how much oil we will extract and place on the market in the future, etc. But this information had no applied significance. Today the situation is radically different: We have begun to turn deposits over on concessions. Naturally, before participating in a trade transaction the potential recipient wants to know everything about the deposit. But it cost the state an immense amount of money to gain the necessary information: wells, seismic studies, geological routes. In the civilized world a firm buys the package of information and then decides whether or not to participate in the concessions and invest money in them. In our country any director or deputy director of an institute can take a file full of the aforesaid kinds of documents and set out for a scientific symposium abroad. He sells them there, receives the money, and that is all there is to it.

We have prepared a decree on government measures regarding geological information and informed Western companies that if it is learned that the information was

obtained illegally, their good name would be in jeopardy. Large companies value their good name much more than dollars which will have to be returned. And things began to change.

The way we sought out party money contributed to our image as well. Our officials traveled throughout the world and demanded: Give us the money, we know you have it. And in response we heard: Prove that this is the money of criminals, and that they are criminals under our laws as well, and then we will talk with you.

We cannot simply run and shout: They have stolen money from us. We also have to prove it.

[Ostapchuk] What, in your view, is the scale of the corruption of the bureaucracy?

[Gurtovoy] The corruption of society has reached an impossible level. Now the bureaucrat is working either out of inertia, out of custom, or he has been hired somewhere else, or he is working because he is a thief. State employees throughout the world have privileges. A pension, free education for their children in a university, they cannot be fired without objective causes, etc. But this is out in the open everywhere. Secrecy about the privileges of domestic bureaucrats has led to a situation where there is a temptation to "dig up" things, to investigate. This system has now been completely destroyed. The bureaucrat has his 10,000 and no more. One of the members of my commission went to work for a commercial bank and immediately received 90,000.

[Ostapchuk] Did you never experience any pressure "from above," when certain structures or individuals appeared within your field of vision?

[Gurtovoy] During my half year of work none of the "powers that be" have stood in my way. No level has been off-limits to us. Although I know that frequently there were basic "attacks" on my boss, as in Gromyko's case. But he just demanded one thing from me: Prove the guilt and the guilty will be punished. But there was constant pressure on the criminals: A couple of members of the commission could not take it and were released when we began to work on the oil business. My car was totaled three times. I had a freak accident just recently...

[Ostapchuk] Do you own a pistol?

[Gurtovoy] Let me put it this way: We try to plan out our system of security.

[Ostapchuk] I have been told that you frequently attack those who come to your attention with a range of information about them which you could not have obtained from any legal sources. Where do you get this "secret knowledge"?

[Gurtovoy] I think you are exaggerating. I do not know one-one hundredth of what I would like to know.

Problems of Income Indexation Law Discussed

934A0119C Moscow IZVESTIYA in Russian 20 Oct 92
Morning Edition p 2

[Article by Yevgeniy Gontmakher, chief of the Administration for Standard of Living and Social Support of the Population of the Ministry of Labor of Russia: "Why the Law on Indexation of Incomes Cannot Work"]

[Text] As we know, in October of last year the Supreme Soviet of Russia adopted the Law "On Indexation of Monetary Incomes and Savings of Citizens of the RSFSR." But the law is still not being fully applied. No wonder they will have to return to it once again at the session of the Supreme Soviet of the Russian Federation that is now in progress.

This circumstance provides an occasion for certain people's deputies once again to accuse the government of inaction at best, and at worst—deliberate robbery of the people. What is the situation in reality?

From the text of the law and the decree on its enactment it follows that the indexation should be conducted quarterly. And this procedure is extremely prolonged: The official price index is published before the 25th of the month following the end of the quarter, and only then do they begin to calculate and pay indexation increments.

In practice this would mean the following. Take the first quarter of this year. The price index was published on 20 April. According to the law, the calculation of indexation increments involves an extremely cumbersome procedure. All of the first part of the incomes, which is equal to 1.5 times the minimum monthly wage, is increased in keeping with the consumer price index. The second part of the income, which is also equal to 1.5 times the minimum wage—by 50 percent of the consumer price index. Incomes in excess of three times the amount of the minimum monthly wage are not subject to indexation.

Anyone who is even vaguely familiar with the work of the bookkeeping offices at enterprises and social security departments can imagine when the calculations of these increments might be completed—in a month or two, and in some places, even later. Thus people would receive their compensation payments for first quarter price growth no sooner than May-June. And yet consumer prices increased 8.4-fold during January-May. The government could, as it were, wash its hands of the matter and make everyone wait for the promised price index. Would the people have the patience to live through all these months with their old, pre-January incomes?

This is why the government first took forestalling measures and then also compensatory measures "after the fact." From December of last year to March of this year rates and salaries of workers of the budget sphere were increased along with pensions, grants, and stipends. And this was done fully in keeping with Article 1 of the Law "On Indexation of Monetary Incomes and Savings of Citizens of the RSFSR," which says, in particular:

"Indexation may be combined and in certain cases replaced by other methods of state regulation of incomes of the population (revision of the wage level, amounts of pensions, social grants, and so forth)."

Of course, it has not been possible to compensate anywhere near completely for the growth of prices since 1 January of this year. For example, the real content of the wages of workers of budget institutions in March of this year turned out to be two-thirds less than in November 1991. But—a remarkable fact—the application to the results of the first quarter of the formula for calculation which was envisioned by the Law on Indexation would have led to an even greater decline of the real incomes of the population. This would have occurred because during April-May the indexation payments for January-March would have been devalued even more (during April-May the consumer price index grew by almost 25 percent).

If one accounts for the changes in the real content of the incomes after March 1992, the results are even more against the mechanism included in the Law on Indexation. In August of this year (before the 1.5-fold September increase in rates and salaries) the real content of wages of budget institution workers was 42.5 percent higher, the average pension—42 percent, and stipends—31 percent higher than the March level. In other words, the growth of all these payments was significantly outpaced by the growth of prices during this period. And the Law on Compensation provides for full compensation only for those who receive less than 1.5 times the minimum wage, that is 1,350 rubles [R].

Nonetheless the Supreme Soviet of Russia, when considering amendments to the Law "On State Pensions in the RSFSR" and enacting it, made a decision to conduct indexation of pensions fulling in keeping with the Law on Indexation, beginning with August 1992. This decision caused, to put it mildly, confusion among specialists—for in the second quarter, whose results were subject to indexation in August, the Supreme Soviet itself established a new minimum amount for the pension at R900 per month and put in place the procedure for bringing past earnings up to date in order to recalculate current pensions. Because of this the average monthly pension increased by almost 90 percent in May as compared to April—from R738 to R1,383. To conduct another indexation independent of this is a direct path to hyperinflation, which will strike these same pensioners first. And it is impossible to combine in the same period of time a one-time and general increase in pensions, which occurred in May, along with indexation.

Apparently under the influence of these indisputable circumstances, the beginning of the indexation of pensions was put off "operationally" until October of this year. But will the indexation of pensions be effective in October? For in the third quarter, whose results will have to be indexed now, the pensioners will be paid monthly compensations in the amount of R420 for August-September. Again there arises the problem of combining

two methods of regulating financed incomes, a problem which can be solved only by not allowing them to be combined.

So is the Law on Indexation completely unworkable? It is workable, but the fact is that this document's time has not yet come. If our economy begins to show even signs of stabilization in the near future, particularly if the consumer prices stop rising by leaps and bounds and the growth of their index is limited to several percentage points annually, if accounting services of enterprises and social security departments adapt to the sharply growing volume of work, and the people finally believe in the reforms—then the Law "On Indexation of Monetary Incomes and Savings of the Citizens of the RSFSR" (after a certain amount of additional work) could become an effective mechanism for maintaining the standard of living of those who receive fixed incomes.

Problems Of Regions Vis-a-Vis Center Viewed

934C0097A Moscow ROSSIYSKAYA GAZETA
in Russian 15 Oct 92 p 2

[EPITCenter associate Aleksey Mikhaylov interviewed by A. Yevgenyev: "Invert the Pyramid"]

[Text] As I spoke with EPITCenter associate Aleksey Mikhaylov, the telephone rang several times. From some of his answers, I knew that the conversation pertained to Nizhny Novgorod.

[Yevgenyev] Aleksey Yurevich, isn't your work in Nizhny Novgorod finished?

[Mikhaylov] No. In three and one-half months, we were able to begin a lot but to finish too little. What we did manage to do took some serious and rather lengthy preparation. It will take even more time to implement what we have begun. And so by mutual agreement the cooperation will continue. But henceforth on a contractual basis.

[Yevgenyev] As we know, EPITCenter has concluded that the various regions should become a potential source for Russia's revival. The government has said the same thing. Is this a random coincidence?

[Mikhaylov] I think that this is an admission of the fact that all of us involved in macroeconomics have underestimated the role of regions. The fact is that all the basic reforms—commercialization, privatization, land reform—depend first and foremost on the position of local agencies. People take their problems to local authorities first. Therefore, all social policy should be of a regional character. A great many socioeconomic programs for the country as a whole have now appeared. Unfortunately, not one of them gives answers to the questions confronting regions.

[Yevgenyev] Why have the regions been remembered only now?

[Mikhaylov] The situation has undergone a fundamental change. Even in the years of so-called perestroika, the administrative vertical was preserved: Orders came from above, and the lower levels were obliged to carry them out. Now this axis has been destroyed. The federal authorities are left with only the necessary levers, such as credit and foreign-economic policy, the federal budget, and so forth. In essence, a redistribution of functions has already occurred; there remains only to recognize it de jure.

[Yevgenyev] The government seems to be saying the same thing.

[Mikhaylov] Yes, it's saying this. But in practice we see no such thing. There are some amazing things going on. Do you know, for example, that every truck in Russia is federal property and is in effect at the personal disposal of Chubays? In Nizhniy Novgorod, in conjunction with experts from the International Finance Corporation, we prepared methodological materials for privatizing trucking and obtained permission from Chubais. But after the well-known conference in Cheboksary—where, incidentally, it was said that the center of gravity of reforms should be shifted to the regions—that permission was rescinded. By government resolution, all trucks in the oblast were made part of a mobilization reserve. We recently learned that that ruling too is no longer in force. Now there would seem to be no obstacles to privatization. But no one can guarantee that the center won't invent some more.

As it turns out, every region has to constantly ask for things from the top authorities—to go to them, prostrate themselves, and make their cases. The government doesn't see this as any great problem. On the contrary, it seemingly enhances its actions from the standpoint of the country's governability. But all this is irritating the regions more and more. A situation fraught with extremely acute conflicts is emerging.

In addition, the current cabinet is visibly leaning toward exclusive decisions. Explain, for example, why Yakutia has been granted the right to dispose of part of the gold mined on its territory, while Arkhangelsk and Murmansk oblasts have not. What kind of policy is this—distinguishing oblasts, krais, and autonomous units according to some ranking that was established God knows how and by whom? Yes, there are regions that need federal subsidies—the Far North, for example. Everybody understands this. But when orders from on high give some regions quotas for exports of oil and nonferrous metals and categorically forbid this for others—this is incomprehensible.

A slighting attitude toward regional rights has also crept into our laws. Can it really be proper for the federal budget to tax the issue of municipal bonds and oblast state loans? Let the federal budget earn its own money. To levy taxes on the revenues of local budgets is absurd. When you encounter these kinds of things, you feel that

you can't do anything. You'll be fleeced in any case. This also sets the regions against the center in a terrible way.

[Yevgenyev] What will happen if statements to the effect that regions have a special role remain no more than declarations?

[Mikhaylov] Local areas will gradually stop carrying out directives from the center, obey Russian laws less and less, and start taking their own decisions—they might even declare secession from the federation. And two or three years from now, Russia will become several dozen independent states.

[Yevgenyev] Not a very promising outlook, to put it mildly. To prevent it, are some sort of decrees and laws necessary?

[Mikhaylov] Yes. Decrees as well as laws. But before everything else, we need a regional strategy based on reasonable compromises and trust. And it should be formulated by the regions and the center jointly.

[Yevgenyev] Where should they begin?

[Mikhaylov] With social problems. At present the regions have too little ability to exert a real influence on the situation of their residents, to protect them from inflation and unemployment. Most of the people being laid off are coming from major enterprises that are federal property. Local authorities are not in a position to help these people very much, they don't have the money. Consequently, we have to choose between two options. Either the government should assume some commitments in this regard, or it should grant additional powers and capabilities to local authorities.

And another thing. In order to develop in a normal fashion, regions need at least relative stability. When the ruble exchange rate is jumping around within a stupendous range, one-time decisions are supplanting income indexation, and the budget, prices, and inflation are all unpredictable, it's impossible to plan anything at the local level.

Economic Reporting From St. Petersburg

Housing Construction Off by 77 Percent

934C0108A St. Petersburg NEVSKOYE VREMYA
in Russian 26 Sep 92 p 1

[Unattributed report]

[Text] Since the beginning of the year 2.638 million square meters of overall dwelling space have been introduced, that is 23 percent of the plan. This is 4,708 apartments. City dwellers received another 2,500 separate apartments through exchange.

Industrial Production Down 20 Percent

934C0108B St. Petersburg NEVSKOYE VREMYA
in Russian 30 Sep 92 p 1

[Unattributed report]

[Text] The rates of decline of production of St. Petersburg industry have reached 20 percent today. The most critical drop is in the food industry—about 40 percent.

Enterprises Seek Legislative Relief From Land-Use Taxes

934C0108C St. Petersburg NEVSKOYE VREMYA
in Russian 30 Sep 92 p 1

[Unattributed report: "The Time To Pay Approaches"]

[Text] The city tax inspectorate has warned a number of St. Petersburg industrial giants about the approaching deadlines for the payment of the land-use tax this year. The Oktyabrskaya Railroad is to pay R1.5 billion, the airport R400 million, and the Izhorok Plant R228 million.

A half year ago the tax inspectorate and the legislators warned of the forthcoming payments and suggested that the industrial giants develop a system of optimal land use and then use surplus land for other purposes. But the enterprises ignored the warning and now they are demanding that the legislators reduce the land tax to amounts that are "acceptable" to them.

Privatization Statistics by Sector

934C0108D St. Petersburg NEVSKOYE VREMYA
in Russian 30 Sep 92 p 1

[Unattributed report]

[Text] As the mayor's committee for management of state property informs us, by 17 September the private sector in the structure of the property of St. Petersburg amounted to: in light industry—41 percent (in 1991—19 percent), the food industry—34 percent (13 percent), construction—eight percent (three percent), production of construction materials—42 percent (0 percent), automotive transportation—22 percent (one percent), retail trade—34 percent (10 percent), public catering—41 percent (16 percent), consumer services—33 percent (seven percent), and, finally, wholesale trade—four percent (zero percent). Almost half of the facilities were privatized through sale from auctions and commercial competitions. By September the property fund had issued 1,148 certificates of ownership, and most of these certificates were issued in July—307.

Small-Scale Privatization 'Nearly Completed'

934C0108E St. Petersburg NEVSKOYE VREMYA
in Russian 30 Sep 92 p 1

[Article by Viktoriya Rabotnova: "At the City Soviet Session. Small-Scale Privatization Close to Complete"]

[Text] The main question discussed yesterday in the Mariinskiy Palace was the course of privatization.

"The structure of ownership has changed considerably, and based on this it is necessary to make changes in the concept of the development of the city and administrative organs," the chairman of the Committee for Management of State Property, Sergey Belyayev, noted in his report.

Speaking of small-scale privatization, he noted that the main goal is to rapidly create a trade system that is better adapted to the market. At the same time the committee is trying not to allow significant changes in the existing trade infrastructure—the previously stipulated conditions for competitive sale make this possible. They managed to avoid social conflicts as well—this, incidentally, is what many opponents of privatization were fearing. Largely because after the liberalization prices in state and private stores were almost equal.

"If we work with the labor collectives they will agree to both the competitions and the auctions," thinks Belyayev. "More than 70 percent of the enterprises have been bought by their collectives. It is another matter that they are frequently backed by commercial structures, which also give them money. This is why we have developed documents regulating their relations—our documents have now been sent to the State Property Committee for approval."

In Belyayev's words, small-scale privatization could be completed by the end of this year. There are 27 commissions in operation, three of which are directly under the committee. Some 1,500 enterprises and structural units have been prepared for privatization, with 775 of them in the sphere of trade, 251—in the sphere of public catering, and 434—in the sphere of consumer services.

The transformation of large enterprises into joint-stock companies, unfortunately, is proceeding less intensively so far. There is actually no initiative "from below." This means that beginning on 1 October our committee will be handling direct privatization plans and closed subscriptions for shares. This work entails dual responsibility since it indirectly involves the issuance of privatization checks, the speaker noted.

In general, Belyayev considers the issuance of privatization checks and explanatory work with the population to be the main task for the near future. Here he is hoping for help from the deputies—both rayon and city. In particular, he hopes that the session will consider his request for additional allocations for these purposes—otherwise "voucherization" of the residents of St. Pete will take a long time.

Sergey Yegorov, chairman of the committee on property issues, is also quite satisfied with the rates of privatization. Although in his co-report he noted that the process is taking place at different speeds in different places.

Sergey Nesterovich called for his colleagues to approve the activity of the committee and the property fund. After which it became absolutely clear that the draft proposed by the Committee for Management of State Property would pass.

The tone of the discussion was quite calm, but this certainly does not mean that we have no problems with privatization in our city. It is no accident that Aleksandr Belyayev proposed creating a work group and developing proposals for the Supreme Soviet concerning adjustment of the program. The voucher market, he noted, will make its appearance much sooner than the securities market. And this could lead to speculation and robbery of the people. It is no wonder that one of the versions of the resolution was suggested by the control commission, which encounters "privatization scandals" more frequently than others.

Economic Experiment in Karelia Termed Success

934C0184A Moscow ROSSIYSKIYE VESTI in Russian
28 Oct 92 p 3

[Article by Vadim Soskov under "Region" rubric: "Strategy for Survival: Economic Experiment in Karelia"]

[Text] Now, when the Russian economy is experiencing difficult times, the Republic of Karelia looks rather attractive compared with other regions. The decline in the volume of production here was one of the smallest in the federation and a tendency toward growth has recently become apparent. And although it amounted to just 1 to 2 percent in September in comparison with previous months, this is still a success for these times even if it is perceptible only for specialists.

For almost a year now, Karelia has been living under the conditions of an economic experiment. Its essence is special procedures for investment. In the territory of Karelia, in accordance with an edict of the president of the Russian Federation, 75 percent of foreign exchange receipts of local enterprises remains at the disposal of the Council of Ministers of the republic. Karelian enterprises may independently export up to 50 percent of their output within the limits of quotas set by the center. Ninety percent of the income from the economic activity of enterprises in the region is transferred to a republic Fund for the Reconstruction and Development of the National Economy. Means from this fund go for the provision of expanded reproduction, structural reorganization of the economy, an increased export potential, and the expansion of the production of consumer goods and the services sphere.

"The experiment on the establishment of a special investment system in the territory of the republic is aimed at a more efficient use of local natural resources," says Sergey Yaskunov, deputy chairman of the Council of Ministers of Karelia. Timber, stone, furs, and fish must receive more intensive processing. It is necessary to increase substantially the yield of each cubic meter or

each tonne of raw material. This will require significant capital investments through the federal budget as well as local resources.

In the State Committee for the Economy of Karelia, they told me that more than 2 billion rubles [R] from the Fund for the Reconstruction and Development of the National Economy have already gone for the development of different branches of production and the realization of promising programs. They include the establishment of the joint-stock company "Karboshungit." Karelia is the only region where they have begun the industrial mining of shungite, a rock with the qualities of graphite. It will find extensive applications in construction, among other places.

New technologies may be obtained by attracting foreign investors and establishing joint enterprises. The conditions of the economic experiment favor this. As of the beginning of October, there were 128 joint enterprises registered in the republic, including 82 Russian-Finnish enterprises.

"Initially some natural doubts arose: maybe they will fleece us," relates Yuriy Kuznetsov, first deputy chairman of the State Committee for Economics. "But the fears proved to be in vain. The cooperation turned out to be mutually advantageous. The foreign exchange obtained from the activity of the joint enterprises and exporting enterprises of the republic just in the first half year permitted the purchase of goods and services for almost \$14 million. More than 136,000 tonnes of grain were brought into Karelia from Finland. This made it possible to maintain the population of livestock and poultry on the farms of the republic at a level adequate to go into the coming winter with optimism."

The economic experiment gave many enterprises in Karelia a "second youth." For example, the Kostomukshskaya Knitted Goods Factory, which organized the "Sampo" joint enterprise with Finnish partners, began to produce clothing that is in great demand even in Finland. So we can work just as well here. There are more and more such people who "want to" in Karelia. The conditions of the Karelian experiment have removed all the barriers for those who "could not."

The present general situation in Russia and the former USSR illuminates the role of Karelia in interrepublic cooperation in a new way. It is becoming the most convenient "bridge" for contact with the countries of northern Europe. Construction is beginning on the first commercial branch line in Russia from Kostamuksha to the line of the Oktyabrskaya Railroad between St. Petersburg and Murmansk. The new main line is a direct outlet through Finland to the ice-free port of Oulu.

The combined interrepublic balance of production imports and exports, which will regulate mutually advantageous cooperation with partners in the territory of Russia, is called upon to strengthen the economic positions of Karelia. Karelia has already entered into agreements on reciprocal deliveries with 20 regions of

the Russian Federation. They include Buryatia, Bashkortostan, Kabardino-Balkariya, Chuvashiya, Ryazan, Penza, and Kursk oblasts, and Krasnodarskiy Kray.

The balance of imports and exports will be positive for the republic's foreign economic activity as well. Thus, for example, it turned out that the enterprises of Karelia export almost R70 million more in output to Ukraine than they receive from there. Under a mutual agreement, the "debt" of Ukraine will be paid back through additional deliveries of sugar, meat, and butter to Karelia.

"We would be much more effective in developing cooperation with the republics of the former USSR if the share of Karelia in the interstate commodity turnover were counted to our republic as the fulfillment of the state order for deliveries to the federal fund," noted Yevgeniy Svetlov, department head of the State Committee for Economics, in a conversation with me. "And then Karelia itself would become the guarantor of the fulfillment of a number of foreign economic obligations of the Russian Federation."

The economic experiment in Karelia is also encountering many obstacles caused by the imperfection of legislative acts. Many enforceable acts being passed contradict the president's edict on the experiment. Thus, for example, the Provisional Import Customs Tariff made unfavorable many contracts signed with foreign partners prior to its introduction. Everyone in Karelia has heard the story of the Petrozavod brewery. The enterprise turned out to be unable to pay the customs duty for equipment for a new nonalcoholic beverages section delivered by the Bulgarian firm "Khraninvest." And there are many such sad examples.

The first steps of the Karelian experiment confirmed the simple truth: economic freedom gives each inhabitant of the region the real opportunity to become an owner. More and more enterprise managers and ordinary entrepreneurs are coming to the republic's Council of Ministers with specific business proposals. And this means that the course of reforms in the region is becoming irreversible.

Siberian Commodities Exchange September Activities

934C0184B Moscow DELOVOY MIR in Russian
8 Oct 92 p 2

[Article by Sergey Kolpakov, Lev Nazarov, Irina Povrova, and Maksim Noskov: "Siberia—Rich but Far Away: Review of the Trading in the Siberian Stock Market in the Second Half of September"]

[Text] Several significant events for the life of the exchange took place in the SFB [Siberian Stock Market] during the past period. The first was the transition to the system of daily trading (every day except Monday). The second is that the SFB as the first among the regional exchanges began to operate with foreign exchange: \$900,000 were presented for sale. The foreign exchange

was sold in two lots at a rate of 207 rubles [R] per dollar. This is slightly higher than at the MMVB [Moscow Interbank Currency Exchange] on that same day [205.5].

A transaction with an option for vouchers was likewise registered for the first time beyond the Urals. The purchaser of the option received the right to sell 10 vouchers by the end of November at the price of R1,050, paying the seller a premium of R50 per voucher at this time. In this way, the buyer insures his vouchers against a fall of the price below R1,050.

And finally, transactions with options for foreign exchange were registered for the first time in Russia. The buyers of these options received the right to protect themselves against a fall in the rate of the ruble relative to the U.S. dollar. We will go into this transaction in more detail below.

The rest of the transactions were traditional. An option was sold for the purchase of shares of the SFB. The buyer, having paid a premium of R10,000, obtained the right through the end of September to purchase a share of the exchange for R200,000. It is pleasing to note that in comparison with the low prices (at a nominal level) for the shares of most exchanges and their low liquidity, the shares of the Siberian Stock Market are sold at a minimum of twice the nominal value and transactions of this nature are made regularly at the SFB.

For example, if the rate of the dollar at the end of September were R220/dollar, then the difference will be R10/dollar and the purchaser of the option has the right to demand that the seller "provisionally" sell him dollars at R210/dollar. The seller is not selling dollars, however, but is merely paying to the buyer the difference between the rates in rubles. In our case, this sum will amount to R10,000. If the rate falls to R205 per U.S. dollar, then the buyer will not "provisionally" purchase dollars and in this case the profit of the seller of the option will amount to R3,000, that is, the premium paid earlier.

As can be seen in the example given, the buyer insures himself against a rise in the rate and the seller hopes that the rate will not rise. In other words, they enter into a bet among themselves. The motive for making a transaction of this nature may be the need to pay for some contract in the future or may simply be a game on the exchange with the objective of making a profit.

On 23 September, two transactions of an analogous nature were made. Options were sold for the purchase of U.S. dollars. The transactions on foreign exchange options that were made on 23 September indicate an interest in playing the exchange and bringing new participants into this process. And the fact that the rate at the Moscow Interbank Currency Exchange "jumped" to R241 per U.S. dollar during this period makes this game even more interesting.

Overall it can be said that the first week of daily trading on the SFB was successful and the total volume and number of transactions increased.

In the final week of September, two transactions were made in the foreign exchange section. Ten thousand U.S. dollars were sold at a rate of R253 per dollar and \$20,000 at a rate of R252/dollar. It is necessary to note that the rate of R252/dollar was set at the end of exchange trading, that is, it declined by 10 points in the course of trading.

Four transactions were made during trading on 29 September. Shares of the "Sibir" investment fund were sold at a rate of R125 per share (with a nominal value of R100). They were sold at R95 in July, that is, the price increased by R30 in 2 months.

Two transactions were made on options to purchase foreign exchange. Two contractors participated in these transactions. The first acquired an option from the second and the second an option from the first. Thus, one of the contractors in the transaction was certain that the rate of the dollar in trading at the MMVB would be under R260 per dollar on 29 September 1992, whereas the other believed that the rate would be above 260 (the rate at the MMVB) was set at R254/dollar). As a result, the first contractor received R1,000 from the second. It is obvious that the initial experience the previous week in playing the exchange on the difference between foreign exchange rates was contagious for brokers.

A deal was also made on the sale of an option for the purchase of a share of the SFB for R250,000. Here one can note the increase in the value of a share of the SFB, which had been R200,000 a month ago.

In trading on 30 September, a transaction was made on the sale of an option for the purchase of three shares of the joint stock company "Rembish K" in February 1993. The purchaser of the option has the right to buy and the seller is obliged to sell three shares of "Rembish K" at a price of R10,000 per share in February, whereby the seller now receives a premium of R1,000 per share. As a result, the buyer acquires shares of "Rembish K" for R11,000 each with a nominal value of R10,000.

The credit resources presented for sale were not in demand on account of the high interest rate (100 percent annually). A request for the purchase of \$650,000 at a rate of R255/dollar has likewise not yet found counter-offers.

The list of requests for trading included shares from new issuers: from the Moscow Oil Exchange at a price of R600,000 and a nominal value of R150,000 and from

the joint stock company "Kosmos-S" at a price of R5,000 per share (at the nominal value).

Besides the trading itself, many events worthy of attention took place at the SFB at the end of September. Below we present a brief chronology of them.

21 September: the Exchange Center of the SFB in Ulan-Ude began a 10-day course of instruction on the subject "Financial Broker."

26-27 September: the seminar "Basics of the Organization of Advertising" was carried out by the SFB together with the newspaper VECHERNIY NOVOSIBIRSK with the participation of A. Naymushin, lecturer from the joint stock company "Eksportles."

The SFB held a public seminar at Novosibirsk State University on the subject "The Funds Market in Russia."

29 September: the course "Accounting at Enterprises of Different Forms of Ownership. Operations with Securities" ended at the exchange school of the SFB.

On that same day was the first working hookup and presentation of the Altay Exchange Center of the SFB. The firm "Vladimir" concluded the first deal—it acquired 10 shares of the "Sibir" investment fund at a price of R125 each. At the meeting of managers of the SFB with representatives of the administration and business circles of the kray that was held after trading, they discussed questions of joint action in the funds market.

The course "Specialist in the Funds Market. Financial Broker" began on the last day of the month in the exchange school of the SFB. The Irkutsk Exchange Center carried out a practical training seminar on privatization and the formation of joint stock companies.

In conclusion, about the prospects for the near future: the Committee on the Management of the State Property of the Russian Federation, the Novosibirsk oblast and city committees on the management of property, and the Siberian Stock Market are holding a seminar in Novosibirsk on the 12th and 13th of October on questions in the formation of a Russian national fund system.

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The material was prepared by the specialists of the SFB: Sergey Kolpakov, chief of the clearing center; Lev Nazarov, press secretary; expert Irina Povarova; and broker Maksim Noskov.

Results of the Trading of the Siberian Stock Market, 14-30 September, List of Concluded Transactions

Securities

Name	Price of the Transaction	Volume
Promissory notes of the Siberian Development Bank (3 months) 95 percent	1,000,000	1
Promissory notes of the Siberian Development Bank (3 months) 90 percent	500,000	1

Results of the Trading of the Siberian Stock Market, 14-30 September, List of Concluded Transactions (Continued)

Securities		
Name	Price of the Transaction	Volume
Promissory notes of the Siberian Development Bank (3 months) 110 percent	2,000,000	1
Promissory notes of the Siberian Development Bank (3 months) 110 percent	2,000,000	1
Shares of the "Sibir" Investment Fund	125	10

Credit Resources				
Name	Sum (rubles)	Time	Beginning Percent	Ending Percent
MBK 10,000,000 for 3 months	10,000,000	3 months	115	115

Options				
Name	Volume	Premium	Price	Time
For the sale of vouchers	10	50	1,050	November
For the purchase of a share of the Siberian Stock Market	1	10,000	200,000	September
For the purchase of a share of the Siberian Stock Market	1	25,000	225,000	October
For the purchase of shares of the joint stock company "Rembish K"	3	1,000	10,000	February

Foreign Exchange			
Name of Currency	Volume	Beginning price rubles/dollar	Ending price rubles/dollar
U.S. dollar	400,000	210	207
U.S. dollar	500,000	210	207
U.S. dollar	10,000	255	253
U.S. dollar	20,000	255	252

Options for Foreign Exchange				
Name	Volume (contracts)	Premium rubles/dollar	Price rubles/dollar	Time
For the purchase of U.S. dollars	10	3	210	September
For the purchase of U.S. dollars	10	2	234	September
For the purchase of U.S. dollars	10	1	236	September
For the purchase of U.S. dollars	10	2	259	October
For the purchase of U.S. dollars	10	1	261	October

Note: according to the rules of trading in foreign exchange options at the SFB, one contract corresponds to \$100.

Russian Federation: "The Agro-Industrial Complex Should Not Have Misfired")

Russian Problems With Agro-Economic Reform

Khbulava on Prices, Balanced Reform

934A0061A Moscow EKONOMIKA I ZHIZN
in Russian No 34, Aug 92 p 7

[Article by Doctor of Economic Sciences N. Khbulava, department head of the Central Economics Scientific Research Institute of the Ministry of the Economy of the

[Text] The decline of agricultural production in Russia and other regions of the CIS which was observed last year is continuing to this day. The economic causes of this phenomenon are known. They include, in particular, the violation of the price parity for products of the agrarian sector, the reduction of investments throughout the entire cycle, and the value-added tax. As a result, many farms have ended up on the verge of bankruptcy. The established economic ties continue to grow weaker. The market structures that were created (exchanges,

joint ventures, associations) were unable to exert an appreciable influence on the retardation of this process.

Special alarm is caused by the changes in the assortment programs in the direction of increasing the production of costly kinds of products with an essential reduction of the output of products that are most needed in the food ration. Because of this, the supply of them for the population, particularly meat and dairy products, potatoes and vegetables, continues to worsen.

In turn, the shortage of meat and dairy and other products has contributed to an increased demand for grain. As a result, the caloric value of the food of a considerable proportion of the active population deviates significantly from the proper norm.

What must be done under the current aggravated conditions to relieve socioeconomic tension and to make sure

that the economic reform in the agro-industrial complex does not misfire? First of all, in our opinion, it is necessary to open up all channels for increasing the production of agricultural products. For the situation in the agrarian sector at the present time is such that a considerable share of the profit is being pumped out. Other branches and productions are dictating conditions to the rural producers. As a result of the price liberalization, while there is a high degree of monopolization of branches and enterprises that supply rural areas with everything they need and a critical shortage of material resources, the price inequality has deepened even more, and not to the advantage of the peasants. As a result, they have rejected costly means of production and are placing construction projects on hold, which impedes the development of a material base and, consequently, the production of products as well. This is a good place to give the price indexes for products of the agro-industrial complex and agricultural machinery. (See table)

Price indexes for agricultural and industrial goods for agro-industrial production

1990	1991	1992	1992 Prediction with release of prices of energy sources
For industrial goods made of agricultural raw material as a whole			
1.2	1.0	49.8	66.0
For agricultural products as a whole			
1.1	1.6	8.3	25.0

Under these conditions, it would be expedient to exempt from value-added and profit taxes plants that manufacture and deliver to agricultural enterprises technical equipment, fertilizers, means of plant protection, petroleum products, electric energy, and gas. At the same time, we should not partially, but completely abolish the value-added tax for agricultural products. Additionally, agricultural producers should be granted even greater benefits for short-term and long-term loans.

Positive processes are taking place in the agrarian sector. Farmer-run (peasant) farms are being created. It is thought that by the end of the year, their number will reach 150,000. But for now, the production from such farms will not amount to more than one percent. This means that the development of farmer-run farms cannot produce appreciable results in the near future. The more so since the material and technical base, and also the social atmosphere, fail to contribute to their development. All this provides justification for not restricting the period for the reorganization of the kolkhozes and sovkhozes with rigid time frames and granting local organs the right to establish specific deadlines for their reformation as farmer-run farms, associations, companies, and other formations are established and developed. At the same time, the land reform should be conducted in stages. During the period of establishment of market structures, it seems to us, the land should not be an object to be bought and sold. Moreover, we must regulate the actual assessment of the land.

The second thing that must be done immediately is to provide for the effective operation of the processing

industry of the agro-industrial complex. This will make it possible sharply to reduce losses of agricultural products in all stages, and to increase production volumes and the assortment of food products. It is important to provide space for small and medium-sized enterprises, mainly with the joint-stock and private forms of ownership, in all ways to support small and medium-sized business, and to establish mobile economic relations that react rapidly to changes in market conditions. To do this it is necessary to simplify procedures of an organizational-legal nature as much as possible, to create the corresponding structure which provides information support for small and medium-sized forms of business, and to grant them benefits in terms of credit and taxation.

Further, it is necessary to develop a mechanism for establishing fixed upper price limits for certain food products, particularly sugar, liquor and vodka items, alcohol, certain kinds of meat and dairy products, bread and bakery products, and children's food. The products mentioned are interconnected and mutually conditioned to a certain degree. Therefore, in order to provide for a reasonable balance of them under deficit conditions, it is necessary to introduce fixed upper price limits. This will make it possible to alleviate panic buying and to relieve the socioeconomic tension in the society to a certain degree.

Price indexes for agricultural equipment

1990	1991	1992
1.0	1.7	90.4

Finally, it is necessary to achieve a rational combination of economic independence of enterprises and state regulation of the economy. Russia has now created a Ministry of the Economy on the basis of the State Planning Committee, and the republic's Ministry of Agriculture is functioning. If the newly created organs function without direct financial dependence on the enterprises, it will essentially mean a return to the old situation. The aforementioned organs must conduct their policy not through pressure, but on the basis of dialogue; that is, they must strive for a harmonious functioning of the enterprises, reveal the contours of the interaction of particular regions, oblasts, and zones, and reach a balance in the economy and in society as a whole. If we do not achieve rational state regulation, in the near future there will be a significant drop in production, including in the agro-industrial sector.

It seems that the indicated measures are urgent, and therefore we must begin to implement them without wasting any time. Real stabilization in the agrarian sector will take at least three or four years. But the full effect from the entire system of economic transformation will not be felt until after the year 2000. And this will occur only with the consistent accomplishment of the aforementioned immediate tasks.

Khbulava Laments Price Liberalization

934A0061B Moscow DELOVOY MIR in Russian
8 Sep 92 p 6

[Article by Doctor of Economic Sciences Noye Khbulava: "The Agrocomplex: Consequences of Liberalization"]

[Text] The economic reform in Russia has affected all spheres of activity in the national economy. It has been reflected in a particularly inadequate and contradictory way in the agro-industrial complex. While in 1987-1989 there was a price balance among individual spheres of the agro-industrial complex, this tendency changed radically beginning in 1991. In 1991 prices of agricultural products increased on average 1.6-fold; industrial goods—1.9-fold; and agricultural equipment—1.7-fold. And during January-July of this year prices of agricultural products increased approximately 10.9-fold; industrial goods—52.9-fold; and agricultural equipment—84.8-fold.

On the whole, the situation in the agrarian sector is critical at the present time; a significant share of the profit is pumped out of there, and conditions are dictated to it by other branches and products. As a result, the decline in the production of agricultural products continues. During five months of this year as compared to last year, procurements of meat decreased by 30 percent, milk—by 29 percent, and eggs—by 26.7 percent. During this period the number of head of cattle decreased by six percent, hogs—14 percent, sheep and goats—13 percent, poultry—11.1 percent, and the productivity of the cows decreased by 165 kg. The number

of offspring per 100 breeding females is decreasing, and deaths are increasing. The areas planted in grain crops, sunflowers, long-fibered flax, and sugar beets are below the preceding year's level by two to three percent.

Price liberalization has not led to more active production of food products or to an improvement of the nutrition of the population. On the contrary, it has become considerably worse. Now people have begun to consume 25-30 percent less of dairy products; meat products—30-35 percent less, fruits—38-40 percent less, and sugar and confectionery items—28-30 percent less. And the demand for bread and bakery items has increased. As a result, the caloric content of the daily diet has decreased from 2,600 to 2,100 kilocalories per day (by 20 percent).

On the whole, 65-70 percent of the diet's energy capacity comes from grain products and potatoes. And this leads to an increased proportion of carbohydrates in the food rations, which undoubtedly has an effect on people's health, especially children's.

Price liberalization has forced us into another unfavorable, unanticipated process. The fact is that because of the reduction of the population's buying power, it is becoming more and more difficult to sell costly and perishable products. As a result, many enterprises of the trade system are refusing to sign contracts for the delivery of food products. In such a situation, agricultural and industrial enterprises write off and destroy a considerable quantity of products, and the volumes of their production are decreasing.

In the future the release of prices of energy sources will entail another price increase in retail trade of approximately 60-70 percent. In this situation, in order for the monetary incomes of the population not to lag behind the growth of prices, it is necessary have an average wage per worker and employee under today's conditions of no less than 8,000-10,000 rubles [R] per month. Additionally, in order to provide for balance in the agro-industrial complex, one must take into account the fact that the production of technology, equipment, and other means of production, agricultural service, processing, etc., are greatly monopolized, and therefore they must be under economic supervision from the state. There is also another path—to completely release prices of agricultural products and raw materials, which will place agricultural commodity producers in equal conditions with industry. Although this version is not successful either. For under the conditions of spiraling prices for grain, retail prices of bread will increase significantly. According to our calculations, the price of one kg of bread will increase approximately 2.5- to 3.0-fold. Therefore, if we are somehow to relieve the tension in the society, it will be difficult to do this without state subsidies here. It is also necessary for the state to find paths to the balanced development of individual spheres and branches of the agro-industrial complex.

The market follows production, and before selling something one must have something to sell and have a sufficient quantity of commodity mass. Only then does the market stimulate and regulate the producer's activity and the partners' freedom of choice in buying and selling. Indeed, in countries with a civilized market, in order to survive the competitive battle, the enterprises must fight for the customer: Reduce expenditures, improve product quality, and reduce prices. But in our country, with our uncivilized market, it does not seem possible to create an antimonopolistic competitive sphere in a short period of time. Hence, the transition to free prices certainly does not mean the formation of normal market relations.

In the present situation, the first thing that must be done is to begin privatization immediately. First of all, we must have a real master of the land. But during the period of establishment of market structures, the land must not be turned into an object of profit. At the same time, agricultural enterprises, kolkhozes, and sovkhozes must develop on an entrepreneurial basis. We must work so that the development of peasant (farmer-run) farms is organically included within the framework of the overall system of development of large-scale and medium-scale production.

Privatization in the processing industry of the agro-industrial complex presupposes the creation and acceleration of the development of small and medium-sized business and the establishment of mobile economic relations. If the rates of the privatization process are retarded, a shadow economy will develop, and on a destructive scale, which is being seen today. Incidentally, in this connection the edict of the president of the Russian Federation of 1 July 1992, "On Organizational Measures for Transforming State Enterprises and Voluntary Associations of State Enterprises Into Joint-Stock Companies," in keeping with the state program for 1992, is timely.

Along with privatization processes, it is necessary to form and adjust the economic mechanism for combining economic independence with reasonable state regulation of the agro-industrial complex, the essence of which consists in legislative and normative-regulative activity, including the establishment of taxes and exemptions from them, and principles for determining deductions, fines, subsidies, pollution limits, and sanitary requirements. In a word, there must be a favorable environment for the functioning of economic subjects.

The performance of the aforementioned functions requires a hierarchical organization of state regulation of the agro-industrial complex, each level of which corresponds to a particular level of the territorial-administrative hierarchy. But at the same time, the business and economic independence of the market subjects is still an initial prerequisite. This presupposes that the administrative organization cannot "control" the subject. The latter may voluntarily enter into any associations and delegate to them part of their functions

in making economic decisions, but it must be outside the framework of state influence.

Consequently, the adjustment and functioning of the designated mechanism make it possible to establish a balance in the agro-industrial complex within the framework of the entire system of the national economy, and to keep track of prices of food products, agricultural raw materials, and industrial products. When there is an imbalance, it is necessary to develop concrete proposals for price regulation in order not to allow certain branches to get rich at the expense of others.

The measures noted here are mandatory. Without them, uncontrolled random price liberalization could lead to grave, irreversible losses.

Vice Presidential Aid Radugin on Overcoming Crisis

934A0061C Moscow *EKONOMIKA I ZHIZN*
in Russian No 39, Sep 92 p 17

[Article by Candidate of Economic Sciences N. Radugin, aid to the vice president of Russia: "The Crisis in the Agro-industrial Complex of Russia: How to Overcome It?"]

[Text] Food prices in the republic have increased dozens of times over in just a couple of months. Many millions of people have ended up on the brink of poverty. As compared to last year, they are now consuming one-fourth less of dairy products, 15 percent less of meat products, and 10 percent less of fish products. The proportion of fats in the overall structure of nutrition is approaching the critical level below which one must not drop according to medical norms.

One's first impression is that this "collapse" occurred suddenly, out of the blue. But that is a deception. The problems of the agrarian sector have been accumulating for years, and they reflect numerous mistakes made in this most important branch of the economy. For decades in agriculture and associated branches of the agro-industrial complex, deep disproportions have been forming between production factors and conditions for life in the rural areas.

Our main wealth, the land, ended up in a completely unsatisfactory condition. More than half of the land is marshy and too wet, and has high levels of acidity and salinity. About 127 million hectares are eroded or in danger of erosion. The area of land polluted by wastes from industrial enterprises has reached 62 million hectares. Some 2 million hectares of land were contaminated from the accident at the Chernobyl nuclear power plant alone.

The fertility of the soil decreases from year to year; the humus content has decreased by 25-30 percent during the past 20 years, and the areas of gullies and desert are growing. According to estimates of scientific institutions, because of the unsatisfactory condition of the land, the

Russian Federation annually fails to receive about 20 million tonnes of agricultural products translated into grain, which significantly exceeds the annual purchases of it abroad. The entire policy has been directed not toward accelerated growth of the fertility of the soil, but toward increased productivity of all land, including less productive areas with unstable water conditions.

There have been many discussions of the comprehensive mechanization of agricultural production and full material support for it. Unfortunately, we have lagged hopelessly behind in this area. The machines used in Russia at the present time can be compared with the equipment used abroad 20 years ago. For "economic" considerations, frequently one type of equipment or another is produced by just one enterprise. This retards technical progress and the output of machinery that meets the requirements of modern technology and world standards.

Immense losses of products, particularly potatoes and vegetables, are related not to inadequate transportation, as is frequently thought, but to the fact that the storage facilities are located mainly in large cities and along railroads (grain elevators). With the long distances between the fields and the storage facilities, it is very difficult to ship all the products within the short harvesting period. Storage facilities should be built on or near the farms. Production effectiveness decreases sharply because of the lack of roads in rural areas and the absence of reliable and adequate energy supply, gas supply, communications, and water supply.

The growing disproportions in the material and technical base of production, processing, and storage of the products are being felt especially keenly. This will lead to losses of 20-30 percent of the grain and seeds of oil-bearing crops, and there will be even greater losses of vegetables and sugar from the beets that are processed. Only one-fifth of the vegetable products are processed. The assortment of food products in Russia is several times smaller than in developed countries.

Agricultural science is playing a smaller role as a generator of scientific and technical progress. And more than 80 percent of the completed scientific research is still not used in agricultural production.

At the First Congress of People's Deputies, the Russian peasantry demanded solutions to their crucial problems. The Second (Extraordinary) Congress of People's Deputies of the RSFSR, which convened in November 1990 especially to consider the problems that had accumulated in agriculture, discussed the state of affairs and adopted the decree "On the Program for Revival of the Russian Countryside and Development of the Agro-industrial Complex." In keeping with the congress recommendations, the Supreme Soviet adopted the laws "On Social Development of Rural Areas," "On Priority Provision of Material and Technical Resources for the RSFSR Agro-industrial Complex," "On Land Reform," "On the Peasant (Farmer-Run) Farm," "On Payment for Land," and the "RSFSR Land Code."

More than a year and a half has passed since the people's deputies of Russia adopted the detailed program for conducting the agrarian reform. At that time, rural workers placed great hopes in its implementation. But the first results greatly disenchanted them and evoked great alarm about the further fate of the earmarked transformations and the work in the agrarian sector. The materials of the State Committee for Statistics of the Russian Federation cited here show quite clearly the profound crisis that the republic's agriculture and entire agro-industrial complex are experiencing today.

In 1991 the food market was characterized by an extreme lack of balance between consumer demand and supply, the latter having decreased by 10 percent as compared to 1990. By the beginning of 1992, practically all necessities—meat and dairy products, eggs, sugar, vegetable oil, cereal, macaroni items, and, in a number of places, bread and potatoes as well, were in critically short supply.

The ill-considered pricing and financial policy led to a situation where all the main kinds of farm products were being produced at a loss. True, on 24 July of this year the government adopted the decree "On Increasing Subsidies for Animal Husbandry Products." But even this measure did not make it possible to bring agriculture out of its deep crisis. By 1 July, the number of head of cattle had decreased by 2.7 million, hogs—by 3.5 million, sheep and goats—by 6.8 million, and poultry—by 67 million. A strained situation has now developed on the farms of many regions of the country. Because of the unfavorable weather conditions, the gross yields of agricultural crops has been below the average many-year level in a number of places.

Average Annual Production of Animal Husbandry Products on All Categories of Farms of Russia

	1976-1980	1981-1985	1986-1990	1991
Meat production (live weight, thousands of tonnes)	11,183	12,057	14,687	14,335
Milk production (thousands of tonnes)	48,243	48,731	54,218	51,971
Egg production (millions)	36,687	43,059	47,856	47,132
Raw wool production (thousands of tonnes)	221.6	221.0	225.3	204.5

The situation in rural areas is at the boiling point. In 22 oblasts and krais of Russia, strike committees have been formed in agro-industrial formations, and they are

making demands directed toward radically changing the tax, pricing, credit, financial, and investment policy of the government of Russia.

The main reason for the crisis in agriculture, in our view, consists in the government's revisions and amendments to the program for the development of rural areas, adopted by the Second Congress of People's Deputies of the Russian Federation. Thus in 1991 only R17.1 billion in budget funds, or 5.5 percent of the gross national income, was allotted for the development of the production and social base of the agro-industrial complex, instead of the 15 percent earmarked by the Congress. There was a sharp reduction in the production and delivery to rural areas of technical equipment, fuel, fertilizers, and construction materials. As compared to 1985, the output of tractors decreased by 40 percent and grain harvesting combines, by 50 percent. In essence, the plans for housing and cultural and domestic construction in rural areas were not carried out. The introduction of housing and facilities for cultural and domestic purposes amounted to 48-60 percent of the amount planned for last year. They failed to fulfill programs for the construction of facilities for water supply, the provision of gas, telephone, and electricity services. The Supreme Soviet and its Presidium failed to adopt effective measures and were unable to create a situation with a high degree of responsibility for the implementation of the Congress decree and the laws of the Russian Federation regarding agrarian problems.

According to preliminary data, it is intended to allot only R18.7 billion for the development of the agro-industrial complex in 1992, including R14.9 billion worth of centralized capital investments for the Ministry of Agriculture of Russia, while the need was for R48 billion (in 1991 prices). Because of the liberalization of prices of material and technical resources and services, and the operation of machines and equipment, the cost of construction this year compared to the registered prices for 1991 increased 10- to 20-fold and more. The coefficient of the cost increase in the first quarter of 1992 for state capital investments established by the Ministry of Finance of Russia in the amount of 5.52 does not reflect the actual increase in the cost of construction. The liberalization of the prices of energy sources that began this year is leading to a further 10- to 12-fold increase in the cost of agricultural products. The government has not paid its debt to agricultural workers for the sale of products in keeping with commitments for 1990 and 1991, and has not compensated for the difference between the prices of industrial and agricultural products.

Large-scale specialized agricultural production based on industrial technology has considerable economic advantages. But in our country it has never been given the corresponding financial and material resources for creating a modern and effective production system. As a result, agriculture has ended up in an even worse situation than that of the majority of branches of the economy. An abrupt change from production on sovkhozes and kolkhozes to production on private family farms would be catastrophic for a number of reasons. The land reform begun after the Second

(Extraordinary) Congress of People's Deputies of the RSFSR was literally torpedoed by decrees of the executive organs. The kolkhozes and sovkhozes were given six months to live, after which they were to be turned into associations, joint-stock companies, and farmer-run farms.

Did any of those who made the decision about the six-month period for the transformation of the kolkhozes and sovkhozes ask himself the question: "What will this lead to?" Did anyone figure out what they would feed the country in subsequent years after the actual collapse of the sovkhozes and kolkhozes? After all, it takes a normal farmer-run farm three to five years to get on its feet if there is significant support from the state (for the construction of roads, the provision of gas and electricity, the provision of technical service, the receipt of agricultural products, etc.).

Today, in order to develop commercial production, a farmer needs R8 million-R10 million (in 1992 prices). And even now the 128,000 farmer-run farms need 1 trillion in long-term credit under preferential conditions. But money is not everything (even if they could get their hands on this sum). It takes time to build the infrastructure, and technical equipment, construction materials, breeding animals, planting material, and other things are needed. Therefore it is important to develop a particular economic approach, a complex of criteria, which is the only way it is possible to carry out a transformation of various farms, although here too the principle of selection of forms of management by the property owners themselves must be observed. The reform must be consistent and not lead to a collapse of the branch, but raise it to a higher level, in order to solve the problems facing the society.

First of all, it is necessary to deal with the farms that have been lagging behind for a long time, which can no longer exist and produce products for the country. They must be reformed into new forms of management, but they must not "float freely," but have targeted and specific state aid. A different approach should be taken to the farms that are operating stably. It is necessary, in the first place, to allot targeted credit and deliveries of various kinds of technical equipment, so as to increase the profitability of the farms under the conditions of the sharp decline in production in rural areas.

It would be expedient to abolish the value-added tax or to reduce it to 10 percent, and to reduce to 10 percent the trade markup for machines for rural areas, equipment for processing enterprises, seeds, and construction materials. For one cannot but take into account the factor that for the next few years three-fourths of the country's food products will be produced by kolkhozes and sovkhozes. Farmer-run farms will be able to produce only about one to two percent; but not because they are not suitable, but because of the long, capital-intensive process and their lack of infrastructure. In order to increase personal interest in development, it is necessary to create a joint-stock company internally on a shared basis, so that

each kolkhoz worker will know what belongs to him and what he will get for his labor. Nor can we eliminate the right of leaving the farm at the request or by a decision of the collective.

For a long time the agrarian sector conducted planned procedures for specialization and concentration of production, and poultry farms and large animal husbandry complexes were built. An immense amount of capital investment was used for this, and it should be noted that they have already produced a full return. At the present time only 60-65 percent of the capacities of these enterprises are being used. The subsequent fate has not been decided everywhere. It is possible to create agro-industrial corporations on their basis. The state must bear full responsibility for their condition and development, and manage them as farms under its jurisdiction.

A couple of words about the land reform in Russia, which was conditioned by the extremely low level of effectiveness of the use of the land. It is quite wrong to see this as a simple redistribution of land. It is a complicated and multifaceted set of measures. It is intended to complete the transition to a diversity of forms of ownership of the land, land possession, and land use; to provide equal conditions for all forms of management; and to create an economic mechanism for the regulation of land relations and the stimulation of efficient use and protection of the land.

One must be aware that it will take no fewer than two or three five-year plans to conduct the agro-industrial reform. And it itself will consist of a number of programs, particularly for increasing the fertility of the land, construction of housing and cultural and domestic facilities, the provision of gas, energy supply, communications, the construction of roads in rural areas, water supply for the population, and other measures that provide for the revival of Russian villages and the creation of the necessary social and production infrastructure.

Additionally, it will be necessary to implement a program for the development of agricultural machine building and technical service, with the enlistment of plants of the defense complex and other branches of industry. A large amount of work will be required for the construction and development of food processing branches of the agro-industrial complex during the period up to the year 2000. It will also be necessary to carry out the "Bread of Russia," "Feed," "Milk," programs, and a number of others.

A good deal is now being said about market relations. With a permanent shortage of goods, the exchanges, banks, and other intermediary organizations are not in a condition to maintain balance in the economy. Under these conditions, the income of the intermediaries is higher and more stable than that of the producers of the products. Production capital is being driven into speculative capital, which leads to depression of the economy and further growth of the deficit. The motivation for normal, conscientious work is decreasing sharply.

Average Annual Production of Basic Crop-Growing Products in Russia (thousands of tonnes)

	1976-1980	1981-1985	1986-1990	1991
Grain production (in weight after processing)	106,016	91,961	104,261	89,094
Sugar beet production	25,441	25,101	33,177	24,280
Potato production	40,930	38,426	35,881	33,951
Vegetable production	10,378	12,126	11,169	10,426
Sunflower seed production	2,493	2,328	3,121	2,896

Under the conditions of the market, it is impossible to do without well-thought-out and organized state regulation mechanisms. Moreover, a full-fledged market must be constructed, and this cannot be done in one year. The state must be concerned about the creation of favorable conditions for the normal functioning of the market and influence its environment and establishment. Otherwise, the market will become weak and uncontrollable, which is what we are observing now.

In this connection, I cannot but mention the activity of the Ministry of Agriculture of Russia. One of its most important functions is the preparation of proposals for regulation of the price, credit, tax, and financial policy in the agro-industrial complex. Unfortunately, this task is not being carried out. The policy being conducted today does not contribute to the development of production. It seems that the ministry is not at all concerned about how to feed the people.

People might say that the government as a whole is to blame for that. Why, then, do the ministry leaders protest the policy? Moreover, it has not yet gone to the government with suggestions for fulfilling state programs directed toward the development of the social infrastructure of the countryside and the entire set of branches of the agro-industrial complex.

In the existing situation, it is important for the government in the near future to give special consideration to the problems that have accumulated in the agrarian sector of the country's economy and to develop a policy which would stimulate agricultural production. It would be expedient to enter the FAO—the UN Food and Agriculture Organization. This organization, which unites 160 countries of the world, is the largest and most respected international organization for production and trade in food. Participation in the activity of the FAO would produce a number of economic advantages for our

country and contribute to reinforcing our international position. In particular, it would make it possible to translate to the practical plane the experience in agrarian reforms and privatization accumulated by the FAO, to develop a modern system of agricultural business within the framework of international investment projects, and to attract foreign capital for the development of domestic agriculture and the food industry.

The statewide significance of the food problem and its direct influence on the condition of the security of the country as a whole make it necessary to adopt a many-year state program for food security of Russia. It is important to reinforce it with a code of laws and measures directed toward stimulation of the development of diverse forms of agricultural production, reduction of our dependency on imports, and the state's participation in the corresponding international organizations. And the government should at least once a year report to the country's Supreme Soviet on the fulfillment of the program for Russia's food security.

Impact of Capitalism, Privatization on Agriculture

Zhores Medvedev on Changes, Prospects

934A0042A Moscow NEZAVISIMAYA GAZETA
in Russian 29 Sep 92 p 4

[Article by Zhores A. Medvedev in the column "A Detached View": "Kolkhozes and Sovkhozes Have Learned the Capitalist Game, But the Urban Population Will Pay Very Dearly for That"]

[Text] London—At the beginning of 1991 a kilogram of bread cost between 20 and 30 kopeks in Russia, and this price had been kept stable for 40 years, since 1951. In April 1991 the government, at the time still the USSR Government, resolved to double prices for foodstuffs, canceling some state subsidies. The "market-oriented" economic reform which was initiated in 1992 sought to maintain prices for bread at a level of 2-6 rubles [R] per kilogram, but this did not succeed. In July and August bread cost as much as R10-20 per kilogram. However, according to projections by economists, the very languid pace of the sale of grain from the new harvest to state stocks even at new prices, between R12 and R24 per kilogram, and the inability of the government to pay for imported grain in foreign exchange cash may drive bread prices within weeks to R70 per kilogram, and by the end of the year—to R100, and depress the consumption of all types of foodstuffs by the urban population to a dangerous level. The drought and rules of the market economy are giving the Russian rural areas an opportunity to avenge themselves in the course of confrontation with the urban areas which has been going on for years, if not centuries.

The Drought

The lengthy drought and unprecedented heat have dried up a great many forest swamps, thus creating favorable

conditions for ignition. In mid-August 49 forest fires were burning around Moscow. The woods were also on fire in Belarus and northern Ukraine; radioactive forests around Chernobyl were on fire as well. The drought spread to the Urals, greatly damaging fields with spring wheat, barley, and potatoes, and grass on pasture land. Many farms began to slaughter cattle because of a fodder shortage. The refrigeration chambers of meat packing plants were full as early as August. While meat presented as a gift within the framework of "humanitarian" aid was being sold in the stores of St. Petersburg and Moscow, the spoiled surplus from domestic meat packing plants which could not be stored or processed anywhere was simply burned in a local crematorium in Rostov-on-Don (IZVESTIYA, 21 August 1992). For the entire summer the press reported on cases in which milk was dumped into roadside ditches because dairy plants would not accept it for processing. For the trade sector in Moscow it was easier to sell "humanitarian" butter and milk which was made of powdered milk and mixes delivered from Western Europe. The same was the case in Kiev.

Last year, 1991, was catastrophic for the Soviet Union as far as the grain harvest is concerned. Only 151 million tonnes were harvested, and state procurement of grain dropped to the level of the late 1950's. The threat of hunger in the cities was real, and this was precisely what facilitated both the putsch in August and the disintegration of the USSR. Humanitarian aid from the West and generous credits for imports of foodstuffs mitigated the severity of the crisis. However, it was obvious that in 1992 all the republics of the "former USSR" should count primarily on their own resources. The drought, which affected Central Russia the most, caused new difficulties. Almost all kolkhozes and sovkhozes ended up bankrupt in 1992 because of the reform of prices and cancellation of subsidies from the budget. Besides, the government wanted to carry out a radical agrarian reform very quickly, within just one year—the elimination of large "socialist" farms and the transfer of land to small, private owner-operated farms. The economic situation in the country was exacerbated by high rates of inflation. Under the circumstances, kolkhozes and sovkhozes were able to respond to the situation in a new manner, by "market-oriented" methods, that is, by refusing to sell grain and other foodstuffs to state stocks, for the needs of the urban population and the armed forces. By the end of August it was obvious that the 1992 harvest was bad, but still better than last year's. However, the procurement of grain not only proceeded much more slowly than in 1991 but was even worse than in the prewar year of 1940.

Unrestricted Prices and Russian Farming

After the forced collectivization of agriculture in the USSR in 1930 through 1933 it became a rule that kolkhozes had to begin selling grain to the state immediately after the harvest began. The kolkhozes could meet their own needs only after satisfying the appetite of the government and the cities. The state procurement of

grain usually ended throughout the country as early as October. All financial transactions with kolkhozes and sovkhozes and the distribution of payments in kind and money among kolkhoz members were usually effected in the fall as well. In 1991 this tradition became a trap for the kolkhozes and sovkhozes. They sold their crop to the government, albeit with difficulty and resistance, at the "firm" prices of 1991, that is, approximately R300-400 per tonne of grain. Beginning January 1992 they were forced to buy everything they needed from the state: stock seeds for sowing, mixed feed for cattle and hogs, fertilizer, farm machinery, and diesel fuel for tractors and combines, but this time at new, "decontrolled" prices, which were 10 to 50 times greater than the old ones. As a result of all of this, kolkhozes and sovkhozes ended up financially bankrupt and piled up with tremendous debts; the peasants themselves ended up close to poverty because their earnings were not pegged to the rate of inflation.

When the Yeltsin government planned the harvest campaign in the spring it expected to increase procurement prices for grain by a factor of 10, to between R3,000 and R4,000 per tonne. This made it possible to maintain prices for bread at acceptable levels because the wages of employees and retirement benefits were also increased by a factor of 10, on the average. However, both kolkhozes and sovkhozes announced that this price was below the self-cost of producing grain, and that they would not sell grain at less than R15,000 to R20,000 per tonne. Moreover, they intended to sell only a minimal amount of grain in the fall, reserving the bulk of the crop for the winter and spring in order to sell it with inflation taken into account. The government delayed resolution of the conflict until the beginning of August, counting on kolkhozes and sovkhozes which do not have grain storage capacities taking the grain to the elevators before the rains begin, after all. Without fear of repression and confiscation, kolkhozes and sovkhozes responded by building protective sheds over the mounds of grain which were piling up right in the fields. The government increased its offer to R10,000, nonetheless failing to get the issue off the ground. By mid-August only 5 million tonnes of grain were procured for state stocks in Russia, or one-third of the amount as of the corresponding date in 1991, when the crop failed. The government had no way out other than concessions, and on 14 August a new price for grain was finally announced—between R12,000 and R24,000 per tonne, depending on the region and the quality of grain. In addition to this, elevators were provided to kolkhozes and sovkhozes for modest payment in kind in order to store the grain which they intended to sell later. Events in other CIS countries took the same turn, with procurement prices in Central Asia ending up higher yet, reaching R25,000 per tonne. The sale of grain to the state at new prices picked up somewhat. However, by the end of August only 12 million tonnes were sold in Russia—only one-fourth of the needs of cities and regions affected by the drought. The same processes have been replicated in the procurement of other agricultural products for state resources.

Failure of Agrarian Reform

Paradoxical as it might be, the poor grain crop and difficulties with state procurement in 1992 did not weaken but rather reinforced the positions of the collective and state socialist sector in agriculture. "The Law on Land Reform," dated 27 December 1990, and especially the Edict of President Yeltsin "On Urgent Measures to Implement Land Reform in the Russian Federation," dated 27 December 1991, required that a large proportion of kolkhozes and sovkhozes be disbanded as early as 1992, with land and machinery being distributed among peasants with a view to what was expected to be the creation of more productive, small family farms on the American or Canadian pattern. However, by the beginning of the planting campaign only 111,943 family farms were registered in Russia, with a total land area of 4,597,930 hectares, which accounted for about 3 percent of all farmland in Russia.

Not one of the 27,000 kolkhozes and sovkhozes in Russia disappeared, though some reregistered and changed their names. The highest number of family farms, 21,433, was established in the most fertile area of the North Caucasus.

However, hopes for a higher effectiveness of family farms were not borne out by the results of 1992. These farms, accounting for 3 percent of the fields, produced only 0.5 percent of the country's foodstuffs supply, falling well behind the "auxiliary plots" of kolkhoz members. Only somewhat over 3,000 of the newly established farms turned out to be capable of engaging in commercial production and selling grain and meat to the state. Most owner-operated farms practiced solely subsistence farming. The farmers fed their own families and aided the families of their relatives in the cities with foodstuffs. About one-third of the farmers were altogether unable to plant on the land allotted to them, having spent loans received from banks without any hope of paying back the debt in the future. Likewise, the state turned out to be unable to give farmers the necessary financial and technical assistance. Credit to farmers in the amount of R6 billion was promised. However, only the few farmers who took out loans in 1991 were able to buy any machinery. Given 1992 prices, one could not purchase even the smallest tractor with an average loan. The creation of one "optimal" farm with an area of between 50 and 100 hectares called for no less than R20 million under the new circumstances. The government just did not have that kind of money to implement land reform. The economic, road, and social infrastructure of both Russian and Ukrainian rural localities is tied to major collective farms, or large specialized state farms.

In essence the program for transforming 27,000 large collective and state farms, socialist in nature, which owned 218 million hectares of farmland, into 3 to 4 million family farms, based on the private ownership of land, was a political rather than economic task. The Yeltsin and Gaydar government strove to eliminate socialism and introduce capitalism in the agrarian

sector. However, a casual glance at the statistics of the output of agricultural products in Russia indicates that, on a per capita basis, it produces no less but rather more than Western Europe. Shortages of foodstuffs in the cities, especially in winter, develop because of losses which come to 50 percent of the entire output of products.

The Main Holes in Agricultural Economy

By the end of the 1980's the Soviet Union had attained West European levels in terms of the output of grain, meat, milk, and eggs per capita. For example, by the end of the 1980's the Russian Federation produced 54 million tonnes of milk and 49 billion eggs a year, or 385 liters of milk and 350 eggs a year per capita. In Ukraine the level was still higher in the case of milk—480 liters a year per capita. However, this amount simply did not reach the consumer. Grain was lost in the process of harvesting, because of poor combine harvesters and a shortage of grain dryers and other equipment, and while being shipped in unsuitable trucks, mainly those of mobilized military motor vehicle battalions, and on railways. Poor combine potato harvesters damage the tubers, and almost 50 percent of the potatoes and vegetables stocked end up rotting every year at urban vegetable storage facilities. The processing of raw materials for foodstuffs in the food industry still operates at the technical standard of the 1950's. Finally, there is simply a shortage of commercial space in the cities. The jungle of new blocks of high-rises in most large cities does not have an adequate chain of trade centers, supermarkets, restaurants, cafes, and canteens, which usually abound in Western cities. Transportation, refrigeration, processing, packaging, repackaging, canning, and civilized trade—all of these tasks cannot be solved by a plowman or a milkmaid. These are issues mainly for the urban economy.

There is next to nothing to be "privatized" in this sector; almost the entire production infrastructure should be created anew.

Predictions for 1993

Estimates by specialists for the Government of Russia stated that in the best case scenario no more than 20 million tonnes of grain may be purchased from domestic producers in 1992 to meet the needs of the state. Meanwhile, the state must have stocks of no less than 46 million tonnes of grain in order to provision 113 million urban dwellers and the armed forces, and to provide mixed feed to large specialized livestock breeding farms and poultry farms. It is expected that the missing 26 million tonnes will be imported: 6 million tonnes from Kazakhstan, where a good crop is expected which is usually harvested in September, and the rest from the United States, Canada, Argentina, and countries in which grain may be purchased on credit. Meanwhile, with the exception of Kazakhstan, all 14 countries, republics of the former USSR, are counting on grain imports. On 18 August Russian newspapers reported

that Canada had suspended grain deliveries to Russia because the Russian Government had fallen significantly behind on its payments for previously extended loans. On 19 August a similar report was received from Australia, to which Russia owed more than U.S. \$100 million. In 1992 and 1993 neither Russia nor other CIS countries will be able to pay interest on the previously accumulated debt, the total of which has exceeded \$70 billion. The low exchange rate of the ruble, which greatly understates its real purchasing power, makes importing foodstuffs with foreign exchange extremely disadvantageous. A disparity of prices for energy and grain has developed in the domestic market. In 1991 a tonne of grain and a tonne of oil cost approximately the same—about R350 per tonne. In August 1992 a tonne of oil cost R2,000, whereas a tonne of grain an average of R15,000, that is, much more. A new increase in prices for oil, gas, and other types of fuel, as well as the unavoidable growth of the cost of bread and foodstuffs, will trigger a hyperinflationary cycle and bury promises of "stabilization" by the end of 1992. Meanwhile, "humanitarian assistance" to Russia was mainly scheduled for one year, and will come to an end in September.

The growth of the number of unemployed, the reduction of the armed forces, as well as the migration of Russians from Moldova, the Baltic republics, Transcaucasia, and Central Asia, are already prompting attempts to channel these streams toward rural areas rather than cities. A similar migration from cities to villages, in the form of a "flight from hunger," occurred in Russia between 1917 and 1920. The rural population has always been prepared to leave villages for cities precisely because land was not privately owned by peasants in either the old Russia or the USSR. The growth of cities in the 20th century was the fastest precisely in Russia and the USSR, their population increasing from 20 to 200 million. However, even now the common holdings of land will be helpful in mitigating the possible disaster. I do not rule out that in the next few years between 5 and 10 million people will move from cities to villages in Russia.

In as little as two years, the percentage of outlays on foodstuffs from the average budget of an urban family in Russia increased from 40 to 75 percent, and it is continuing to grow. This change robs the life of people in the city of its main advantages. The tremendous expanse, harsh climate, and the poor network of highways in Russia are the immutable geographic factors which make a major increase in the flow of raw and perishable agricultural raw materials in the country unpromising. The processing and food industries should be brought closer to the producers of agricultural output. Only in this manner is it possible to reduce the rate of loss which is the main reason for food problems.

Rural socialism in Russia will not be eliminated by decree. However, it can be gradually transformed by ensuring an up-to-date capitalist standard of product processing and modern agricultural services.

Yemelyanov on Privatization

934A0042B Moscow SELSKAYA ZHIZN in Russian
13 Oct 92 p 2

[Interview with A. Yemelyanov, academician of the Russian Academy of Agricultural Sciences and member of the Presidential Consultative Council of Russia, by SELSKAYA ZHIZN commentator Konstantin Shcheglov, in the column "Interview of Current Interest"; place and date not given: "The Land of Our Discontent..."]

[Text] It appears that there will be one more addition to the concerns and anxieties which have overwhelmed Russian peasants since the beginning of economic reforms—land. Passions keep raging on account of the legislative sanctification of land purchases and sales. The first of a series of experiments (insofar as this word is appropriate at all with regard to the land) has been initiated which involves land sales by new rayon authorities in Shakhovskiy Rayon, and through the auctioneer's gavel at auctions in Ramenskiy Rayon in the vicinity of Moscow. The demand of Democratic Russia radicals to convert each voucher into a "tract of land" in the course of blanket privatization is heard ever more persistently. The president promptly accommodated the radicals: On 6 October he signed the appropriate edict. It is precisely today, seven days later, that the deadline approaches for its fate to be decided in the Supreme Soviet: Either it will suspend putting the August edict into effect, or will bless it with all ensuing consequences.

The future of our land, the provider, is the main topic of conversation between A. Yemelyanov, academician of the Russian Academy of Agricultural Sciences, member of the Presidential Consultative Council of Russia, and SELSKAYA ZHIZN commentator Konstantin Shcheglov.

[Shcheglov] Aleksey Mikhaylovich, what are peasants to expect of "voucherization," which is looming over the land of Russia?

[Yemelyanov] Nothing good. Even the thought that this step is nothing but an honest mistake is not reassuring. However, this is definitely a deliberate political act, as far as some of the current precocious leaders are concerned.

If we go for buying and selling the land we will squander our land, the provider. Why should we force an open door, given that Article 12 of the Russian Constitution, which is still in effect says, in black and white, that land may be assigned for lifetime possession, under lease, that is, as the property of a peasant. Since it is transferred to the peasant farmstead, what is it, if not property?

Some get extremely angry: There may be no private ownership of land without its free sale and purchase, and that is it! After all, one can sell or mortgage, say, a tractor, or drink away the money. It is quite another matter with land: It is impermissible to not only sell it but even to use it for goals other than those which nature

itself ordained. This is our national wealth! It is no accident that firm restrictions exist in all civilized countries in this regard.

Our politicians keep fussing, trying to stir up a popular referendum in favor of the introduction of private property of land. Meanwhile, this right has long been codified in the Main Law. If the latter does not say "private" property, then say so distinctly: Who is in favor of adding it to the text of the Constitution? Do these "contenders for land" lack economic discernment? In this case, this is all the more reason to not project their intentions into the political dimension.

As far as the acquisition and sale of land are concerned, they will deal a fateful blow to both agriculture and the economy of the country as a whole. For this you do not have to see a fortune teller...

[Shcheglov] Nonetheless, passions on this account are snowballing. Meanwhile, Nikolay Travkin is selling land full tilt in Shakhovskiy Rayon at R10,000 per hundredth of a hectare.

[Yemelyanov] It has been a long time since I saw Nikolay Ilich; I do not know whom he is selling land to at these prices. If he is selling to farmers, this is fleecing pure and simple: Not one of the peasants will buy it. They do not have enough money for a tractor or a horse. If he is selling land to urban dwellers, Muscovites, he is likewise fleecing them: In this case the average family will never be able to acquire a patch of its own.

Absolutely different criteria are needed in this matter. As far as the peasants are concerned there is nothing to ponder further: They should be given land free of charge, without any vouchers.

Land should not be given at any standard rate but in an amount sufficient for setting up an effective, commercial, owner-operated farm. Or else, if for now the peasants hesitate to organize such farms, land should be given to expand the allotment which we bashfully call auxiliary plots. After all, the way we do it is: 0.3 to 0.4 hectares per family, and no more! They are doing the truly right thing in my native village near Smolensk: Take as much land as you can farm. And they are taking. Many have even begun to plant rye. After all, this largely takes care of what is close to being the most pressing current problem for both our society and the peasant farm: The land does not lie idle; it works; people living on the land can get themselves an extra calf or ram because the issue of fodder in this case is resolved.

Such flexible forms should be sought instead of rushing, with our eyes closed, into the yawning jaws of the market monster, at whom we still have not gotten a good look.

What does this miserable R10,000 voucher accomplish if the correlation of supply and demand is not in our favor, in favor of the voucher holders? The overwhelming majority of the population will strive to get rid of them, and will ultimately be ruined. Meanwhile, those who

organize the buying of privatization checks have long been getting together in tightly knit bunches; they have set in motion the machinery for robbing the people full tilt. They will buy up the checks by the sackful. And then they will buy up the land.

[Shcheglov] First of all, around large industrial centers, along the sea coast, and at other "cushy" locations. However, this is not to say that in their frenzy they will forget about, say, Tver or Kostroma Oblast, that is, the Russian backwoods. After all, this is an ideal opportunity to reliably invest capital! It is better than any bank!

[Yemelyanov] You know, everything is relative. Previously, they tried to obtain a patch of land somewhere close to the city, 50 to 60 kilometers away from, for example, Moscow, whereas now they select locations which are ecologically more advantageous, and with nobler landscapes in front of the window. That is to say, limits to appetites, if you will, are expanding, and if there is freedom of purchases and sale, they will begin to buy up land everywhere and anywhere. After all, you are certainly right: Wherever land might be, it is the most reliable bank. There is a reason why in Ramenskiy Rayon near Moscow, in which a land auction is being prepared under an edict of the president, there is no dearth of those wishing to take part in it.

[Shcheglov] So, is the parliament unable to stop this process which, as the patriarch of perestroika used to say quite recently, has already gotten underway?

[Yemelyanov] In particular, today will show what it is capable of.

[Shcheglov] What is your word, Aleksey Mikhaylovich, as a member of the Presidential Council and an agrarian to the bone?

[Yemelyanov] I have stated my position repeatedly during meetings of the council and to Boris Nikolayevich personally, and not in a malicious but rather friendly manner. However, one gets the impression that the president simply cannot see what this entire design will entail. This is to say nothing about Gaydar, a person with utterly academic thinking who has not plunged into life as it is, or Chubays. They are plainly unable to understand what such experiments with land will bring about. Both of them proceed from the purely formal logic of the market: The market will, supposedly, resolve everything! What will happen is approximately what happened this summer, when the government socked it to the rural areas. Industrial output became tens and hundreds of times more expensive, while in the Cabinet of Ministers they harped on one and the same thing: So, you increase prices for rural products. They even rejoiced when the peasants began to insist on raising procurement prices for grain—here they are, market arrangements at work! Meanwhile, production continued to wind down disastrously. What kind of market is it, given that the rural areas were left holding the bag—for the nth time!—during yet another period of transition here, and that the peasants are almost ready to grab their pitchforks.

The only reassuring point is that the president seems to have understood that reforms cannot be implemented at the expense of the people and, speaking at the session, made the need to substantially adjust the reforms the foremost point. In turn, this will call for new executive personnel and skilled specialists. Therefore, it is quite possible that we will not have to lock horns at the future Congress of People's Deputies: Even if someone from the current composition of the government remains in its "set," he will no longer play a key role in it, like today. I believe that this is a favorable process, no matter how much some of the radicals oppose it, shedding tears over the abandonment of reforms on this account. This is not an abandonment at all. If we were to continue carrying out the reforms the way we have been doing to date, we would ultimately fall into the abyss.

[Shcheglov] In view of this, what is your attitude toward peasant protest actions?

[Yemelyanov] I do not condemn them, I understand them well. These are forced measures. After all, in essence, peasants are not at all the kind of people whom it is easy to provoke into a strike. If they decide to protest, it means that they have been driven to it. It is good that for now only representatives of the peasantry are taking part in these events. However, if this goes on, all the peasants will get up and drive cars and tractors to the cities, closer to the authorities, in order to utter a resolute "No!"

At the same time we cannot fail to see that some of the managers, while articulating on the whole the interests of the peasantry, are also after their own political ends. It is important for the government to evaluate the situation correctly. To be sure, if we discern the main element of the aggravation of the situation in rural areas, after all, it is to be found in the policy and line of implementing economic reforms which, yet again, shift all their shortcomings mainly to the peasants.

[Shcheglov] Aleksey Mikhaylovich, as we complete our conversation, let us come down to our imperfect land, to our hope...

[Yemelyanov] Our hope... Perhaps, at present it would be more appropriate to say—the land of our discontent. It appears that, thank God, the venture with regard to collective farms, on which excessively zealous reformers embarked at the beginning of the year, has been brought to an end. The president made a blunt and clear-cut statement on this at the session. I can only welcome this and other attempts to introduce state regulations in the sphere of agricultural production wherever necessary. Really, we cannot leave everything to its own devices. Such "freedom" will only result in our homegrown monopolies smothering the rural areas still more.

[Shcheglov] The last question, as they say, is meant to do you in: Will we, after all, have a deputy prime minister responsible for agrarian issues?

[Yemelyanov] We will. At any rate, this is what the president promised. However, the issue is who it will be.

Progress in Peasant Farm Establishment Assessed

Variety of Problems Confront Peasantry

934A0115A Moscow ROSSIYSKIYE VESTI in Russian
 21 Oct 92 p 3

[Article by Yevgeniy Sosnin: "Everything Is Expensive Except Air"]

[Text] The finish of harvesting is near. Together with this comes a time of profound reflections. How to dispose of everything that land—the breadwinner—gave? Did the authorities and the farmers themselves do everything in a tactically correct manner in order to feed the Russian people?

One theoretician gloomily joked that one thinks better on an empty stomach than on a full one. There is no need to doubt that the stomachs of most Russians will not be always full. Unfortunately, we are entering winter with half-empty bins and with a big drop in the production of meat, milk, eggs, and other products.

I assume that at this difficult time many Russians are sure to have one of the following questions: Where is our farmer and when, finally, will he feed the people in abundance?

I will say right away: This is a complicated question and it is unlikely that God himself will give an answer to it now. Nevertheless, let us reflect on this subject.

There are now about 140,000 private farmers in Russia. They own land on an area of 5.8 million hectares, or an average of 42 hectares per farm. This year approximately 2.5 million hectares were occupied with crops. Last spring two-thirds of the arable land was allocated for grain crops. On the average, one private farm still has only four head of cattle, including one cow, two hogs, six sheep and goats, and 11 head of poultry. We would like to note that in the saturation of livestock and poultry per unit of land area private farms are inferior to kolkhozes and sovkhozes two- to threefold.

But with what is the new master of land equipped? Sample survey data have shown that at the beginning of spring field work there were only 48 tractors, 17 trucks, 20 plows, 14 seeders, and eight grain harvesting combines per 100 private farms.

Of course, to feed the people with such a set of equipment is more than problematical. Furthermore, many private farms do not have water or electric power.

Naturally, the following data are also of interest: In Prigorodnyy Rayon, Sverdlovsk Oblast, more private farms were established than in other rayons—222. However, almost 90 percent of the private farmers are city dwellers, who have no land cultivation skills. As a result, one-half of the 1,000 hectares of arable land allocated to

them is not used and is overgrown with weeds. Many private farmers, having jobs in the city, consider peasant labor a side occupation.

One must say that this is a joyless picture. Therefore, the results are not quite joyful—both last year and this year. According to the calculations performed by statistical bodies on the basis of materials received from private farmers, last year the yield of grain on the surveyed farms totaled only 9.2 quintals per hectare and of potatoes, 73 quintals, whereas in the public sector these indicators were 16 and 92 quintals respectively. With regard to milk and meat production, conversely, productivity on private farms is slightly higher than in the public sector. However, the volumes... They are highly scanty. On the whole, agricultural output produced by Russia's private farmers in 1991 made up less than 1 percent of the gross output.

This year has changed the situation, but by no means fundamentally. For example, private farmers have received approximately 2 million tons of grain. True, its yield is 15 to 20 percent higher than on sovkhozes and kolkhozes. There are some shifts in the increase in the production of vegetables, fruits, and sugar beets. The supply of milk and meat from the households of private farmers has increased. Nevertheless, these volumes, as the saying goes, do not make a difference on the scale of a specific oblast or Russia as a whole.

Yes, it is now clear to many that six decades ago Russia did not follow the right path in agrarian reform. The mass collectivization, the peasantry's alienation from land and other means of production, and, subsequently, a lot of other distortions expressed, for example, in large-scale land reclamation, specialization, and chemization of agriculture had their effect. A mighty power, which has rich resources at its disposal, with the most fertile black earth in the world is now half-starving. There is not even enough bread.

In Russia 3 years ago a change of guidelines in agriculture began to be seriously discussed—at first timidly. Former bosses thought agonizingly for a long time before they agreed that, in addition to the kolkhoz-sovkhoz system, other forms of ownership can develop in rural areas. However, it is one thing to declare and another, to implement what has been planned. The distance is considerable here. Nevertheless, despite everything the first private farms began to arise.

Initially, there was the point of view that kolkhozes and sovkhozes will promote the organization of private farms in every possible way and assist them in their formation—help them with equipment and give them material resources, seeds, and so forth. So it was at first.

Owing to such assistance on the part of kolkhozes and sovkhozes, many private farmers were able to get on their feet and began to produce commodity output. One could only rejoice at this.

Unfortunately, such an idyll did not last long. And that is why: First, different structures began to appear around the private farming movement—on oblast and rayon levels. The Association of Peasant Farms and Agricultural Cooperatives (AKKOR) was established in Russia. It assumed functions concerning material supply, financing, and other matters connected with the vital activity of private farms. Accordingly, "tobacco" began to be divided among different pouches. Second, since the middle of last year, owing to someone's doing, the kolkhoz-sovkhoz system and private farmers have been made into antagonists. I would like to discuss this at greater length.

In fact, the business partnership between big producers of agricultural products and the nascent private farms was as timely as possible. It was not only a matter of the allocation of equipment, fertilizers, building materials, and plant protection agents, which in most cases the private farmer received without special efforts on kolkhozes and sovkhozes. At the beginning of their activity the new owners could not do without such tutelage. For example, if veterinary assistance was needed, specialists from a kolkhoz or a sovkhoz would provide it. If equipment broke down, again, repair in shops was needed.

Take such a problem as the marketing of products. The private farmer does not himself have to deliver two or three milk cans over several kilometers to the milk plant every day when kolkhozes and sovkhozes transport the perishable product in a centralized manner to the place of its processing and sale. The same is with fruits and vegetables. After all, our country, in contrast to countries with a developed farming movement, does not yet have an appropriate service infrastructure.

For some reason, Russia again followed its own special path. In other words, the newly fledged private farmer was thrown into the abyss of economic confusion and, simultaneously with this, the connecting chain between him and the kolkhoz-sovkhoz system was destroyed. At the same time, it was put into the heads of private farmers that managers of public farms—red landowners—were their sworn enemies and it was not good to be friends with them. Then the campaign for complete decollectivization came at the right time.

As is well known, in December of last year Russia's president issued the Ukase on Urgent Measures for the Implementation of Land Reform in the RSFSR, according to which kolkhozes and sovkhozes were excluded from the legitimate forms of management in rural areas. If we recall the course of events, this was immediately followed by economic reform and the release of prices. In several months most kolkhozes and sovkhozes, from being financially strong farms, were transformed into unprofitable ones. Naturally, they were not in a mood to help private farmers. They themselves had to survive.

This is the history of the birth of private farming in Russia—complex and contradictory. Where will all this end? Will the Russian private farmer be able to get on his feet? Even with very active support from the authorities? Now, under the conditions of the crisis in the economy, it is very difficult to give an answer to this question. For example, in January of this year private farmers pinned great hopes on quite a serious step by the Government of the Russian Federation. It is a matter of the Russian Government Decree on Measures of State Support for Peasant (Private) Farms in 1992, which was signed by B. Yeltsin. It must be stated that this document reflected all the basic problems of the establishment and formation of private farms. In particular, provision was made for financial assistance to families resettling in rural areas in order to establish a private farm, the extension of preferential credit, and the granting of tax privileges. Plans were also made for the establishment of state, cooperative, joint-stock, and private enterprises for supply, production and technological services, construction, and processing of agricultural products and a number of other measures of support for private farmers.

More than half a year has passed, but what has changed for the better? Precisely nothing. Just as newly fledged farmers wishing to build livestock barns and other facilities "got into a mess" last year, so they continue to suffer now. Here is only one example: Preferential credits for private farms were allocated at the end of March, when spring work had already begun. As a result, some farmers were even forced to give up the land allotment. Moreover, the financial slip knot was tightened even more strongly owing to the avalanche-like rise in the cost of everything except the country air. Almost 80 percent of them are not provided with water supply and more than one-half, with electric power. Every second peasant farm does not have normal motor access roads.

However, despite all these adversities, the Russians' craving for land is indestructible. Krasnodar Kray now has 12,000 private farmers and Rostov, Saratov, and Volgograd oblasts and Stavropol kray, from 4,000 to 6,000.

In brief, the class of new owners in rural areas is growing constantly. And it is important not to scare people away from the big cause. It is no secret that now private farmers do not support the government policy in everything—not even on fundamental matters. For example, private farmers quickly perceived that the tactics of the authorities initially were based on an incorrect approach. In fact, how is it possible to seriously expect a quick filling of the market with food products, counting only on the small detachment of private farmers and, at the same time, doing little to provide them with mechanization facilities and industrial equipment for the processing of products and to organize services? The farmers, who hustled and bustled around 50 bulls with a pitchfork and a shovel even for several months, quickly realized the entire hopelessness of their situation.

With regard to land, here, too, there is no clarity as yet. It is put into the head of the private farmer that private land ownership is necessary and without this there will be no normal commodity peasant farming. However, the fears of the farmers themselves are not without foundation. In the opinion of many of them, if a free buying and selling of land is permitted, the money kings will immediately grab it and, to be sure, find a more profitable and less troublesome business than to grow grain on it.

The land question is now in a suspended state. The Russian Federation Sixth Congress of People's Deputies did not agree with the amendments to the law providing for the transfer of land to private ownership. However, the question has not been removed from the agenda.

And so, the main event is still ahead. However, it is clear right now: If the development of farming continues as now, nothing worthwhile will come from this undertaking in the very near future. In such a case Russia will have to half-starve for a long time.

	1992				
	as of 1 January	as of 26 February	as of 1 April	as of 1 May	as of 1 June
Number of registered farms, thous.	49.0	75.5	92.7	110.5	120.2
Area of land granted them, mill. ha	2.1	3.1	3.9	4.6	4.9
Average size of a land plot, ha	42	41	42	41	41

Last month the biggest increase in peasant (private) farms occurred in Rostov Oblast (of 0,600), in Moscow, Volgograd, Saratov, and Perm oblasts, Krasnodar, Altay, and Maritime krais, and the Bashkortostan Republic (from 0,300 to 0,400). In May from 10 to 30 private farms were established in Orel, Lipetsk, Ulyanovsk, and Kamchatka oblasts, Karelia, Komi, Tatarstan, and Chuvash republics, and the Mordovian SSR.

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AKKOR Laments Government Non-support

934A0115C Moscow SELSKAYA ZHIZN in Russian
20 Oct 92 p 1

[Item by Itar-Tass: "AKKOR Draws Attention to Inconsistent Government Actions With Respect to Private Farmers"]

[Text] Vladimir Bashmachnikov, president of the Association of Peasant Farms and Agricultural Cooperatives (AKKOR), discussed this. Speaking at the recently concluded AKKOR council, he stated that so far only 15 percent of the promised funds for state support were allocated to private farmers.

The AKKOR council introduced changes in and supplements to the association's charter, which from now on give it the status of a cooperative association.

Peasant Farm Statistics as of June 92

934A0115B Moscow VESTNIK STATISTIKI
in Russian No 9, Sep 92 p 46

[Article: "Peasant (Private) Farms (as of 1 June 1992)"]

[Text] Since the beginning of the sowing campaign the process of establishment of peasant (private) farms in the Russian Federation has slowed down somewhat. In May their number increased by 9,700, in April, by 17,700, and in March, by 17,200. By 1 June 1992 the total number of peasant farms was 120,000 with an area of 4.9 million hectares of land (on the average, 41 hectares per farm). Furthermore, in Amur Oblast, the Sakha (Yakutia) Republic, and Koryak and Nenets autonomous okrugs there are 35 private deer breeding farms on an area of 2.8 million hectares of land, in the Chukot Autonomous Okrug, 10 farms for the breeding of Yakut horses (4.5 million hectares), and in the Nenets Autonomous Okrug, four private hunting farms (154,000 hectares).

A total of 371,000 hectares of land (on the average, 38 hectares per farm) were allocated to farms established in May.

Vologda Historical Conference

934A0115D Moscow SELSKAYA ZHIZN in Russian
23 Oct 92 p 2

[Item by Itar-Tass: "Russia's Agrarian History Without Cuts"]

[Text] The program of the all-Russian scientific conference opened in Vologda was devoted to the history and contemporaneity of the Russian peasantry. This topic—most acute in its effect on all processes in society—remained semiclosed for a long time. From the time of the "great change" the peasantry's situation prior to 1917 was supposed to be viewed only in black tones and the situation during subsequent years, only in rosy ones.

The present meeting of scientists will become one of the first forums of specialists in agrarian problems, at which there will be no forbidden questions.

Supreme Soviet Considers Land Reform Legislation

934A0116A Moscow ROSSIYSKAYA GAZETA
in Russian 22 Oct 92 p 2

[Article by Yelena Tokareva, assistant editor: "Is This A Peasant's Dream?"]

[Text] The agrarian reform is barely moving. The land reform is rushing along at a full gallop. Several days ago,

a draft edict of B. Yeltsin concerning the creation of land (mortgage) banks was introduced in the Supreme Soviet. As usual, the author of the draft was anonymous. But in terms of the radical ideas embodied in the edict, one could only assume that it was written by specialists from the U.S.A.

The Committee for Social Development of the Countryside, in conformity with existing operational practice, distributed copies of this draft to all subjects in the federation and requested that they express their opinion regarding the buying and selling of land, which is seen clearly through the carefully worded phrases regarding mortgages. Only six out of 50 federation subjects expressed their opposition to it. This is understandable—the market means credit. And a peasant must be able to mortgage property and land to a bank for credit. But the draft edict did not provide for benefits for those who are unable to pay a mortgage interest. Does this then imply categorical ruin for the peasants?

A new attempt by the governmental structures to direct the land reform along the American path of development was thus formulated in the draft edict. It called for the formation of a land fund in a land bank through the transfer of land from the soviets, land which earlier, in accordance with the reform ideology, had been set aside for citizens who had expressed a desire to work the land. This bank will also be the recipient of land from those farms and farmers who, to put it bluntly, became bankrupt owing to their inability to pay a mortgage interest. Subsequently the bank will sell these lands to other citizens and legal entities.

Ivan Alekseyevich Altukhov reported upon the opinion expressed by the parliamentary agrarian committee regarding the new edict. He began with the words: "We are under an obligation to examine the legal purity of the edict."

We truly have many edicts and decrees which are in conflict with the laws and Constitution. The fact of the matter is that today the Supreme Soviet must squeeze, together with the lawyers from the State Institute and the Minyust [Ministry of Justice] laws, the new radical concepts regarding land ownership, into the old and carefully worded Russian Constitution, where land is given the legal title of "possession" instead of the title of "property." Hence the contradiction between the edict and the main legal code.

Thus the new concept is at variance with Article 12 of the Constitution, which calls for a moratorium on the sale of tracts of land for a period of 10 years. Citizens can sell tracts of land only to the state, in the form of the soviets. And to nobody else. In principle, the sale of land is constitutionally authorized, but only through the state. And in the draft, the bank is substituted in place of the state. Moreover, this contradiction between the existing legislative base and the drafts of the new reform for land redistribution has still not been resolved.

Recent legislation which reflected the ideology of the democratic land reform called for land allotments to all those desiring to work the land. But the new trend in the reform will accelerate differentiation among the peasants and treat not only them unfairly but also those citizens who dream of having a plot of land.

Several months ago, a draft for another edict on land mortgages was introduced in the Supreme Soviet. It was based upon the same ideology, only the right of bank ownership of land was limited to five years. This limitation has been removed in the new draft.

Deputy Altukhov completed his discussion by expressing the fear that the edict, if signed by the president despite the negative response by the deputies, will bring forth unforeseen consequences.

Ministry Considers Futures Market

*934A0116B Moscow SELSKAYA ZHIZN in Russian
23 Oct 92 p 2*

[Article: "Conference In The Ministry"]

[Text] In the Ministry of Agriculture for the Russian Federation, a conference was convened for the leaders of the branch's production structures, for agrarian scientists and for entrepreneurs of Selkhoztrast. During this conference, a program for developing a futures market for agricultural products was examined. The introduction of a new form for purchasing agricultural raw materials and food goods and the adoption of a general agreement for 1993 in this regard, between Minselkhoz [Ministry of Agriculture] and Selkhoztrast, were recognized as being advisable.

FAO Assessment Of Food Situation

*934A0116C Moscow KOMSOMOLSKAYA PRAVDA
in Russian 14 Oct 92 p 2*

[Article: "United Nations Organization Regarding Our Harvest"]

[Text] This year the grain harvest on the territory of the CIS will amount to 178 million tonnes, that is, 15 percent more than in 1991. Such is the evaluation provided by experts attached to the FAO [Food and Agricultural Organization] of the United Nations Organization.

Nevertheless, in the FAO report emphasis is placed upon the fact that the 1992 harvest is lower than the average for the past decade. An alarming situation prevails in livestock husbandry, where production declined by 20-25 percent this year.

In the FAO report, mention is made of the fact that food consumption on the territory of the former USSR is declining as a result of the population's low purchasing power. In particular, data is furnished on the growth in prices for agricultural products in the Russian Federation. Since January, the prices for meat have increased

there by 750 percent, for dairy products—by 1300 percent, for sugar—by 1200 percent, and for bread—by 900 percent.

Yemelyanov Assesses Winter Food Supply Situation

934A0114A Saint Petersburg SANKT
PETERBURGSKIYE VEDOMOSTI in Russian
10 Oct 92 p 2

[Interview with Academician A.M. Yemelyanov, Doctor of Economic Sciences and head of the Department of Agricultural Economics at Moscow State University, by A. Rabkovskiy: "A Peasant Need Not Be Made An Extreme"]

[Text] What will we have as we enter this winter? Does Russia have sufficient food resources? Is the country threatened by famine?

Today these questions are becoming perhaps the most urgent ones confronting us. And it is more or less impossible to furnish accurate answers for them without knowing the situation that prevails in the agrarian sector of the Russian economy.

Our special correspondent, A. Rabkovskiy, held a discussion with Academician A.M. Yemelyanov on the status of our agriculture, on the prospects for the agrarian reform and on the causes of today's difficulties. In the recent past, A.M. Yemelyanov, Doctor of Economic Sciences and head of the Department of Agricultural Economics at MGU [Moscow State University imeni M.V. Lomonosov], served as deputy chairman of the Committee for Agrarian Questions and Food Goods of the USSR Supreme Soviet. At the present time, he is a member of the Advisory Council of the President of Russia.

[Rabkovskiy] Aleksey Mikhaylovich, how do you evaluate the situation today in Russian agriculture?

[Yemelyanov] This is a rhetorical question. If we have in mind the crisis in our economy as a whole, then the situation in the agrarian sector is even worse. The decline in the production of finished agricultural products is proceeding at sharper rates than that for industry. The increasing trend towards a reduction in the numbers of livestock is arousing considerable alarm.

And all of this—despite a rather good harvest on the whole. In my opinion, the harvest volumes provide no basis for inflamed passions regarding a threat of famine this winter. But in order to insure ourselves against the various types of food problems, it is obviously not enough to have good volume indicators for the harvest. A correct agricultural policy is needed. And it is precisely in this area that we are experiencing problems.

[Rabkovskiy] Specifically, what are these problems? In your opinion, what measures are needed first of all if we are to emerge from this crisis?

[Yemelyanov] The chief concern—we must learn how not to repeat the mistakes of past years. We are presently moving towards the market. And the agrarian sector has actually been cast loose to swim freely in this element. In the process however, the specifics of agriculture must necessarily be taken into account.

Let us take a simple example. The prices for everything being supplied to us in the rural areas are rising from ten to a hundred times. But by no means have the prices for agricultural products increased in like manner. Hence we have here a clear economic disproportion that is fraught with the very losses that we are observing today.

Any state must protect itself against the threat of famine—through the availability of definite food resources. Only one year ago we had a goszakaz [state order] that was used for this purpose. Today it has been discredited and mandatory state deliveries have been introduced. It bears mentioning that the term is not a new one. It existed throughout all of the Stalin years. Moreover, it meets the requirements of a market economy to a considerably lesser degree: whereas an order implies an agreement between a supplier and customer, deliveries signify an obligation or rigid programming.

Nevertheless, let us forget the terms. If we move towards the market, then it follows logically that the sale of agricultural products to the state will be carried out not on the basis of firm prices but rather according to freely developing market prices.

This was back in December of last year. But why could not the mechanism for the development of these prices have been created in a timely manner? No, this problem became acute for us only in June, at which time the harvest operations were nearing completion in the southern regions. At first, the argument concerned the price of six rubles for a kilogram of grain. It was clear that this would not cover the production cost for the product. Finally, an average price of 10 rubles was agreed upon. But a need exists for a rather complicated differentiation for some crops, varieties, various regions, and so forth. Meanwhile, a considerable amount of time had elapsed. Some farms, unable to agree with the proposed price, bluntly began holding back their grain.

[Rabkovskiy] The impression is being created that this question is still not completely clear. Do you recall how in August the Minister of Agriculture, Khlystun, shared his thoughts regarding the fact that the price of 15 rubles for a kilogram of strong wheat was unacceptable: the subsidy for meat alone, the price of which rises owing to an increase in the cost of feed, requires two trillion rubles for Russia. And literally, three days later, during a conference in Pskov, Vice President Rutskoy announced that a kilogram of strong wheat will cost 24 rubles. What is the explanation for this?

[Yemelyanov] Obviously, our statistics regarding this important question are not in order. Thus the leader of the "Agrarian Union," M.I. Lapshin, when speaking before a session of the Supreme Soviet, mentioned that

his farm sells grain at eight rubles per kilogram. Thus the alternative versions are truly serious. And I believe that it was for this reason that these prices were introduced while the harvest operations were in full swing.

There is no need for reassuring oneself, by blaming all of the problems on the objective difficulties of the reform. There are questions which must be thought out in good time and in keeping with the old peasant proverb: "Prepare the sled in the summer and the wagon in winter." And special importance is attached to such an approach during today's unstable conditions, with the prices for everything rising gradually.

[Rabkovskiy] In principle, is economic stabilization of the agrarian sector possible in such a situation?

[Yemelyanov] I believe so. The question of indexing the prices for agricultural products must be worked out. This must allow the producers to feel more confident of themselves—if they are unable to correct their work entirely, at least they will find a common economic rhythm.

I wish to repeat that at the present time we have disproportions in the various economic branches. And this is having an especially fatal effect in the agrarian sector. By holding back their grain, the agrarian specialists wish somehow to protect themselves from the unpredictable nature of the market element.

[Rabkovskiy] Is it not true that today our grain is like hard currency?

[Yemelyanov] Beyond any doubt. There are objective reasons for this. Grain and sunflowers are very profitable products. And yet livestock husbandry, even during the best years, has always teetered on the edge of unprofitability. It can be said that the grain economy has historically compensated for the losses sustained in livestock husbandry. And today this must necessarily be taken into account. When an argument develops over the price for grain, the repayment of the expenditures for its production and the profit needed for developing the other agricultural branches are implied.

[Rabkovskiy] Nevertheless, an increase in the price for grain must inevitably deal a sharp blow to the rank and file consumer. Indeed, everybody eats bread.

[Yemelyanov] Here, in my opinion, there is much that is far-fetched and unfair. Let us listen to M.I. Lapshin: if the state pays him eight rubles for a kilogram of grain, then how does the cost for a loaf of bread reach 30-40 rubles? Does it not seem to you that the lion's share of this price involves some other spheres?

Meanwhile, the peasantry is the first and chief element in the bread production chain. And a peasant need not be viewed as an extreme responsible for all of the economic problems or guilty of having undermined the reform. The government intends to make both ends meet in the budget by means of agriculture. The catchword here is as follows: in order to restrain growth in the prices for

consumers, the purchase prices must be maintained at as low a level as possible. Such a policy literally drives the agrarian specialists into a dead-end.

Would it not be better to examine the problem as part of an overall complex and to search for methods for lowering expenses throughout the entire chain, from field to the bakery?

[Rabkovskiy] Obviously, the strategic and tactical miscalculations in the agrarian reforms aroused a wave of protests this summer in the rural areas. Is this not so?

[Yemelyanov] Protests during the harvest operations are generally unheard of. True, this year the majority of the protest manifestations were carried out not by the peasants themselves but rather by their representatives. But if these protests continue, then tomorrow the kolkhoz members, sovkhoz workers and farmers will ride into the city aboard their equipment.

There are definite political motives behind these actions. A number of kolkhoz and sovkhoz leaders are concerned over the possibility of losing their positions. Still, the chief reason for the protests—the mistakes in economic policy.

At times, the impression is created that the entire thrust of our reform is detached from reality. Thus, we hear the statement being made: let the peasants raise the prices for their products. But it is one thing when the industrial monopolies engage in such practice. However, everything is just the opposite in the rural areas. In the case of the peasants, the state is the monopolist-buyer. And the producer-salesmen are uncoordinated. If a particular industrial branch is punished by means of the prices for raw materials, then the agrarian specialists become extremes against their will—they are obligated to supply products to the state. Even compared to the consumers who purchase products at free prices, the peasants are viewed as being in an unfavorable position. The opportunities for a consumer market are not infinite. For example, the price for sour cream must be raised if a profit is to be realized, but then the store customers will cease buying it.

Our leaders, who are alienated from life, evaluate this situation as a positive effect of the reform. Look, they say, the sour cream is not selling—thus the producer is forced to sell it at a cheaper price.

Even in well developed countries, where there is overproduction of agricultural products, the state actively supports the agrarian sector and implements flexible control in this sphere of the economy.

[Rabkovskiy] During the winter, the president tasked A.V. Rutskoy with monitoring agriculture. A program for reform appeared. Is this not evidence of the need for change?

[Yemelyanov] Generally speaking, I believe that there was no reason for the vice president intruding in this sphere. In all probability, being a military chief, A.V.

Rutskoy had prepared certain operations in advance. How else can you explain the fact that, although working in the agrarian sector since February, it was not until early August that he assembled a staff for harvesting the crops? The harvest work has for all practical purposes been completed in the south and here suddenly they are beginning to look for fuel, transport vehicles and equipment.

With regard to the program, there are certain truisms which are clear and which lack profound elaboration. Yes, Rutskoy grouped specialists around himself and over a period of two months they almost made him into a second Stolypin. A book consisting of 24 printed pages was published and yet they were unable to prepare properly for harvesting the crops.

[Rabkovskiy] Aleksey Mikhaylovich, you are a member of the president's advisory council. To what degree does the work of this organ influence the adoption of the various state decisions?

[Yemelyanov] Beyond any doubt, the council plays a definite role. The president takes into account the opinions of its members.

Allow me to cite one specific example. In February, a number of documents containing truly risky measures for disbanding the kolkhozes and sovkhoses were prepared. According to one variant, all unprofitable farms were to be eliminated by 1 April. And by the end of the year, there were to be no kolkhozes or sovkhoses remaining generally.

I spoke during a council session and cited my own arguments opposing this policy. And sometime during early March, a document was published which served to reject this adventure in a very specific and direct manner.

Today we must no longer operate in a stereotyped or Stalinist manner. Neo-bolshevism in agrarian policy is doubly harmful. The process of converting over to the market in rural areas must be developed very slowly and yet firmly—with understanding of the problems and needs of the modern peasantry and with flexible reform tactics. Only in this manner will we be able to achieve the desired turning point in our prolonged agricultural crisis.

Energy Sources Market Activity Viewed

934A0127A Moscow *EKONOMIKA I ZHIZN*
in Russian No 41, Oct 92 p 16

[Article by L. Konovalova, chief scientific associate of "Tsenakor" [Center for the Study of Prices and Market Conditions] and candidate of economic sciences: "The Energy Sources Market"]

[Text] *Everyone is worried now about the the situation which is developing in the market for energy resources. The next increase in the prices for them may have the effect of a boomerang for the entire national economy.*

"Tsenakor" has prepared a forecast of the prices and market conditions for the principal energy sources.

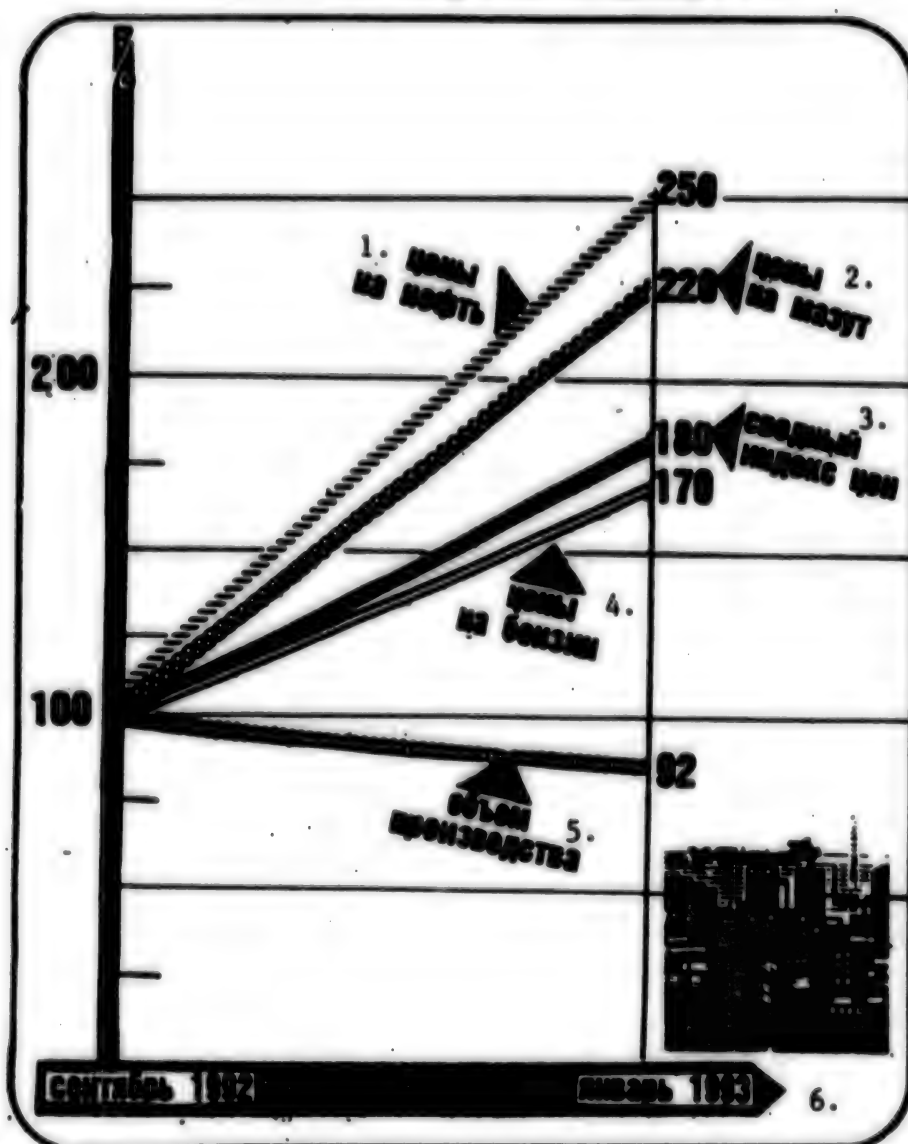
The market for energy resources is characterized by a worsening situation. Volumes produced are declining, which intensifies the shortage in the domestic market and increases production cost at the same time. This worsens the opportunities for exports, taking into account the decrease in prices in the world markets. This applies to petroleum products in particular.

Calculations show that unless steps are taken promptly, the production of energy resources by the end of the year will be reduced by roughly 15 percent, and by another 7 percent in 1993, compared with 1991. But against the background of the overall production recession, energy resources are becoming more and more important as an important strategic raw material for the national economy, as well as a source of foreign exchange. In the long term, energy resources, along with lumber and metals, may prove to be the only source guaranteed to produce foreign exchange income. For this reason, it is so important to take steps promptly, including those of an economic nature, to overcome the recession in the production of energy resources. Prices have a special role in this process. It must be taken into account that the fuel-producing sectors are basic sectors in the national economy. Their prices have a decisive influence on the overall price level. For this reason, we must not arbitrarily release the prices for energy resources to "float freely" without taking into account how this will be reflected in the economic situation as a whole.

First of all, the increase in prices for energy resources has an ever-increasing effect on devaluation of the ruble. Calculations show that the recent doubling of prices for energy resources and the increase in expenses and prices related to this in other sectors of the national economy will devalue the ruble by approximately 25 percent, which will intensify the disarray in the financial system.

Secondly, the increase in prices for energy resources will have a harmful effect on price rises in such basic sectors as transport, metallurgy, and machine building, whose output will be needed in the fuel-producing sectors themselves. The higher prices for energy resources return to these sectors through the increase in prices for the output of the fuel-producing sectors. An analysis of the structural dynamics of prices conducted by the Center for the Study of Prices and Market Conditions ("Tsenakor") attests to this. The following factors were identified as having the most influence on the price level of energy resources: the wage increase for employees in the sector—the "weightiness" of this factor in the increase in prices for energy resources, compared with July, was measured at 11 percent, the production recession made up 21 percent, the deterioration in mining and geological conditions in extracting fuel accounted for 9 percent, the higher prices of equipment and materials coming into the sector accounted for 30 percent, and the transport

Forecast of Prices for Energy Resources, Beginning of 1993



Key: 1) Prices for oil; 2) Prices for mazut; 3) Consolidated price index; 4) Prices for gasoline; 5) Production volume; 6) September 1992 to January 1993.

factor was set at 7 percent. Roughly 16 percent of the overall increase in prices is attributed to other external factors.

As we see, the external factors which bring about higher prices exert a strong influence on the prices for energy resources. The proportion of their effect in the overall increase in prices adds up to 69 percent. Under these conditions, a doubling of prices for petroleum products will have a substantial effect not only on the price rises in other sectors, but on the prices of the energy resources themselves.

If we count from January 1992, the effect of a reflexive increase in prices by the end of the year will account for roughly 50 to 60 percent, and it will gather momentum. The

expenditures to produce energy resources will increase by 100 percent in 1993 and up to 200 percent in 1994. As a result, energy sources may turn out to be unprofitable all over again. Completely new pricing principles are needed here. The prices for energy resources must be regulated, but in such a way that their increase is compensated by stabilization of prices in other sectors.

What price levels can be expected in 1993? The forecast indicates that compared with the current level, it should cost twice as much to mine coal, 3.5 times as much to produce oil, 2.7 times as much to produce gas, 3.2 times as much to produce mazut, and three times as much to

produce gasoline. However, this does not mean that prices will rise at the same rate. Demand, which will lead to intensification of the shortage with the decline in production volumes, will have a substantial effect on the price level of energy resources. With the assumed decline in the volume of energy resources produced, the demand for them, particularly for petroleum products, may become speculative in nature. In this case, the prices for energy resources will have to be increased by another 1.8 to two times as much.

Simultaneously with the increase in prices, the differentiation of their level by region or oilfield will be intensified. For some energy resources, this differentiation will be reflected in a ratio of 1 to 6. This makes it urgent for consumers of energy resources to look for the most efficient suppliers, and for producers to ascertain the expected market conditions for them.

Other factors will have an effect on the market situation for energy resources. Those who wish to obtain a more detailed forecast of the change in market prices for energy resources, as well as other products used for production and technical purposes and the basic types of foodstuffs, may make arrangements on a contract basis with the Center for the Study of Prices and Market Conditions ("Tsenakor").

The Center for the Study of Prices and Market Conditions provides for:

- training of enterprise employees in pricing methods under market conditions. The course of instruction lasts 5 days. A hotel is reserved. Cost of the course is R3,000 plus 28 percent;
- consultation by subscription on matters dealing with market pricing, finance and tax policy, reevaluation of funds, privatization, and location of trading partners. Cost of the consultation for 1 year is R9,000 plus 28 percent;
- provision of documents on pricing for enterprises for 1 year at a cost of R3,500 plus 28 percent (for those who have subscribed, until 1 December 1992); and
- sale upon request of "Slovar-spravochnik tsenovika" [Dictionary and Handbook for the Price-Setter], R400 plus 28 percent.

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Our address: 101462, GSP-4, Moscow, A-15, Bumazhnyy Proyezd, 14, EKONOMIKA I ZHIZN - "Tsenakor."

Telephones: 212-13-90, 212-30-59.

Petroleum Pricing Concerns Aired

934A0129A Moscow DELOVOY MIR in Russian
25 Sep 92 p 3

[Article by Vadim Mikhnevich: "'Black Gold' For a Black Day"]

[Text] Boris Yeltsin's Edict No. 1089 of 17 September 1992 "On state regulation of prices for individual types of energy resources" and the government decree "On state regulation of prices for energy resources, production, and services" signed the same day continue to evoke a sharp and ambiguous reaction. Both documents, promulgated literally on the eve of the scheduled session of the Russian Federation's parliament, purposely add fuel to the fire on the eve of the parliament's discussion of the policy of the government and the president. The situation is being stirred up "from below" by the public's increasing alarm, and not without grounds, because of the question that worries them: how high will the prices go the next time?

Quite recently, a glass of oil cost less than a glass of mineral water (about 10 kopecks in 1989 prices). After the latest presidential edict was put into effect, it will cost a little over 1 ruble [R]—in current prices. For this reason, it should be clear to anyone who understands arithmetic that the current increase in prices for petroleum is nothing more than payment for inflation.

Unlike all the preceding decisions on TEK [the fuel-energy complex], the state henceforth is not setting any maximum prices for oil and petroleum products, it is only introducing mechanisms to block their unchecked growth. There are two of them: indirect regulation by restricting the level of profitability in oil production to 50 percent, and direct regulation by taxing excess profits for the Ministry of Finance Price Regulation Fund. Enterprises will have to give up half of what is earned from selling oil at a price higher than R5,000 per metric ton. In addition, prices will have to be set on the basis of conditions for prepaid delivery of the raw material, that is, without taking transport expenses into account. The government is hoping that the purchaser will choose a supplier a little closer so as to gain from sales volume, not the excess prices for small batches.

It is impossible at present to predict how the mechanisms being introduced will work. Oil-producing enterprises have any number of ways to overstate their already substantial expenditures and thereby reduce the real level of profitability. However, the prices for petroleum products, not the prices for crude oil, have more of an effect on the overall price situation in the country. The maximum level of profitability for oil refining has been set substantially lower—no more than 20 percent, with differentiation by enterprises. The proportion of petroleum in the production cost of automotive gasolines and lubricants is in excess of 90 percent, and the opportunity for oil refining to raise prices for them further has been drastically limited. In addition, under the government decree, which Yegor Gaydar signed to execute the president's edict, it is planned to introduce

differentiated rates for the excise tax on petroleum and gas condensate, and for the time when they are calculated, a single excise tax rate on the order of 18 percent is being introduced. The excise tax being sent to the federal budget serves to equalize the financial capabilities of enterprises which have geological extraction conditions with varying degrees of complexity. But practically every third oil- and gas-producing association in our country has these complex conditions. In other words, the excise tax rate is one more mechanism for holding the unjustifiably high prices in check.

According to available information, it is unlikely that the price for crude oil will exceed R6,000 per metric ton, taking the value added tax into account, but without it, the price would be R4,500 to R5,000 per metric ton. The cost of automotive gasoline, according to forecasts, will be about R20 per liter, although the variation in price by region may be significant.

The economic shocks which are linked with the increase in prices for liquid fuels may not turn out to be so terrible, although under the conditions of rising inflation, it is inevitable that they will hit the consumer in the pocket. The price increase being expected is related primarily to the fact that the extraction and refining of oil is one of the base sectors, and a change in price proportions here cannot help but affect all other sectors of the economy, without exception.

Despite the steps taken to prevent an unchecked increase in prices for oil, the current price rise is probably not the last one. For the price increase instigated in other sectors will return like a boomerang to the petroleum sector, which will have to pay a higher price for materials, foodstuffs, transport, and other services. In the experts' opinion, in order to prevent a social outburst, the average wage in Russia will have to be brought up to R10,000 per month at a time when the average monthly wage in oil-producing regions is a little more than R13,000 per month and the cost of a consumer's food basket in northern oblasts is on the order of R12,000. Comparison of the figures shows that unless inflation is kept in check, the oil workers will still have to extricate themselves by making use of the only lever at their disposal—the prices for oil.

The fate of the reforms will depend to a large extent how rapidly the oil-producing sector is reanimated and conditions are created for it to develop at a faster rate. If this does not take place, the energy crisis will deal the final blow to our ruble, which is emaciated as it is, once and for all, making us millionaires with our hands outstretched.

Implementation of the reforms has shown that the government is unable to hold back the prices for oil by subsidizing the sector just from the budget, which has the additional burden of all kinds of compensations. There are two solutions: introducing an emergency status for the economy, which will throw us back for decades, or cutting back the unproductive expenses and channeling

the funds released to the "hot spots" in the economy, which is also very difficult to implement, especially bearing in mind the next "stroke of genius" of the Central Bank, which threatens to drain the treasury of roughly R3 million. An increase in state arms purchases will inflict the next blow. And one more blow—the increase in compensations for the public.

The country is on the threshold of an energy crisis, and observers point out that to a significant degree, this is the result of the numerous conflicts which began after the democrats came to power. However, the opposition, which has actually driven the government of Ye. Gaydar into a corner and deprived it of the freedom to maneuver, will only be able to celebrate a Pyrrhic victory in the event that it succeeds in overthrowing the government.

It must be stated that there has not been a year that the parliament's opposition has not turned out to be its wrong side. The inflationary spiral has begun to rise at a terrible rate of speed over a short period of time, and it is becoming more and more difficult to cope with it.

The development of events has led to the point that both the government and Boris Yeltsin himself have turned out to be hostages to the situation which has taken shape in the oil-producing sectors. It is enough to cite a few figures to understand the extent to which these sectors have been neglected. Work has been suspended at more than 20,000 wells in the Siberian oil-producing regions today. There is no money to pump the oil. Oil prospecting is being curtailed. A substantial part of the "black gold" remains in the earth because of the lag in oil-drilling technologies. Every year millions of dollars—in a direct sense, money thrown to the wind—are being burned off in the flares blazing over the oilfields. In the amount of energy used per unit of output, Russia spends 1.5 times as much as the United States and roughly three times as much as Japan. In order to move the work from a standstill, hundreds of billions of rubles are required, and there is essentially nowhere to obtain them. So just what is going to happen to the oil-producing enterprises which, in accordance with the laws of a market economy, have to earn their own living?

For this reason, an increase, and actually a release of prices for energy resources, is a natural decision and unfortunately, one that is too late. In the petroleum sector, where the people who are working are not amateurs by any means, the current situation was foreseen a long time ago. It was also predicted by the experts, including foreign experts. Now we are dealing with a fait accompli. Is there a solution? One of the possible alternatives is accelerated privatization, as a result of which the oil-producing enterprises would have a real owner who is interested in developing production, not a mythical owner. In the view of experts in the RITEK Investment Company, whose interests are related to the energy-producing sectors, private or joint-stock capital could become one of the components in the investments.

Another component could be the use of foreign investments and know-how for deep drilling. A third component could be reorientation of part of the budgetary expenditures to favor the energy sector, which inevitably will conflict with the recently adopted decision to increase expenditures for defense. There are also a number of proposals (including from commercial circles) to make use of the production capacities of the defense enterprises which are being converted in the machine building complex for the sector's interests.

An increase in prices for gasoline, lubricants, diesel fuel, and electric power may prove to be fateful for those refineries whose products are not in demand. Some of the energy-intensive production facilities may face a dilemma in the complex situation—either to curtail production or speed up application of advanced energy-saving technologies, which also will require additional capital investments. For this reason, one of the consequences of higher prices for energy resources may turn out to be a cutback in energy consumption, which is not altogether bad under the conditions of the current deficit.

The government has taken the first step by adopting a number of measures to prevent a steep increase in the prices of energy resources. Obviously, the next step should be aimed at using market mechanisms to stimulate the sector's development. This does not mean the opportunity to earn one's living, but to accumulate savings to introduce new, highly productive technologies for extracting and refining oil. In addition, oil workers and local authorities in oil-producing regions will have to devote their attention to development of the social infrastructure, whose condition as of today will not stand up to criticism.

According to available estimates, from 3 to 5 years with an intensive infusion of capital will be required to reanimate the sector.

Most favored status is what it needs now.

Germes-Soyuz Transnational Oil Company Highlighted

Interview with President

934A0033A Moscow ROSSIYA in Russian No 26, 24-30 Jun 92 pp 9-10

[Interview with Valeriy Neverov, president of the Germes concern, under the rubric "Firsthand," place and date not given: "A Game Covering the Entire Field"]

[Text] Our newspaper has already reported the fact that an event took place at the end of May deserving the most fixed attention of those connected in one way or another with the life of the Russian fuel and energy complex. On 23 May the signing of charter documents of the first transnational oil company in Russia, Germes-Soyuz, took place in the Podmoskovye Sanatorium. As the very name

of the new company clearly shows, it has been created with crucial organizational and financial participation on the part of the well-known concern Germes, headed by Valeriy Neverov. On pages 9 and 10 of this issue of ROSSIYA the reader will be able to become acquainted with the premises behind emergence of the company, the principles of its structuring, and the tasks with which it is faced.

And so, you will be able to read all the details below. But right now let us note that the business conceived by Germes deserves the attention not only of business circles and those in power, but also that of society in general. The fact of the matter is that the success of Soyuz depends directly on the degree of effectiveness of cooperation which will be seen within its framework between the traditional state structures and the segment of businessmen which has been formed relatively recently. Soyuz represents an attempt to create a model of mutually advantageous cooperation between the "old" and the "new," a model which entails preservation of the best qualities of the "old" in synthesis with the best innovations and developments of "new" forces. Germes-Soyuz is an attempt not only to resolve contradictions, theoretically speaking, between directors and businessmen, but also to point out the single productive path, from the point of view of the company's founders, towards revitalization of an extremely important sector of the country's economy—the oil sector.

Valeriy Neverov, president of the Germes concern, describes the program of development of the oil company Germes-Soyuz.

[ROSSIYA] Valeriy Ivanovich, what were the "ideological" premises, if we can refer to them in this way, behind creating a transnational company? What fundamental economic considerations guided you here?

[Neverov] It is no secret that several hundred transnational companies comprise the pivotal element of the world economy. It is they which accomplish a large part of the international goods trade and an even greater part of the international flow of capital, organizing the very system of interrelationships of the world economy. Effective economic activity of large-scale companies is truly possible only on the global level. Figuratively speaking, only a "game covering the entire economic field," using all the approaches which have been developed through world experience, can become a promising path of development of any economy, first and foremost the Russian economy.

It is exceedingly important that even today we have all the prerequisites for creating the first Russian transnational company, which would pursue the national interests of Russia and the CIS member countries, be controlled by Russian capital, find itself capable of attracting foreign capital, and operate over the entire world.

[ROSSIYA] Transnational companies may have the most diverse specialization—trade-industrial empires exist in electronics, electrical engineering, and many other spheres. What path have you selected and why?

[Neverov] It is evident that it must be none other than an oil company, for Russian oil and oil products constitute the single item we can sell today and in the near future for tens of billions of dollars, ensuring an influx of funds for Russia's entire economy.

However, the situation in our oil industry which exists today does not permit the derivation for the state and society of the entire potential benefit that could be provided through creation of a major oil company, one capable of conducting business dealings on an equal footing with such world leaders as Shell and British Petroleum. And right away such a contemporary structure as this is required for our oil industry, oil production personnel, refiners, and oil equipment producers. The lack of funds which these sectors are so critically experiencing at the present time may be overcome as early as this year of 1992, if the oil industry is provided additional financial and material-technical resources. The essence of our program consists in joining the significant potential of Germes (and subsequently that of other commercial structures) with that of the direct producers working in the oil complex.

Today Germes has all the infrastructure necessary for entering the world economic system and engaging in major contemporary trade and banking operations and investment projects, including the acquisition of its own plants operating abroad. With Germes assistance, even right now a number of our production associations and the Oil and Gas Extraction Directorate are selling their production output extremely efficiently—including through the use of futures transactions, receiving material-technical and financial resources in exchange.

[ROSSIYA] Would we have to assume that a radical modernization of the country's oil and oil refining sectors of industry will occupy the company's center of attention?

[Neverov] The program of development of the Germes-Soyuz oil company envisages major investments for the producer-founders of the Germes-Soyuz joint-stock company. It is planned to obtain funds, first of all, through sales at exchanges and trading establishments, using the network of intermediary firms of the multi-specialized Germes concern (including those in operation abroad), of contracts for future deliveries of oil and oil products. The assets obtained, including currency assets, will be used for the payment of contracts for the delivery of output of oil-industry machine-building plants which conforms to world level.

Speed, reliability, and effectiveness in trading operations will be totally secured through Germes' broad trading and financial network. Our analysis service is evaluating the possibility of the Germes-Soyuz Company attracting 10-20 billion rubles [R] and \$100-200 million in 1992 through the sale of oil and oil products—with delivery, we should emphasize, in 1993; in this regard, the total

amount can be significantly increased in the event of just some degree of stabilization of the economic situation in the country.

A second source of income will be seen in maximum effective sales of production output produced this year by the Germes-Soyuz founders.

A third source of funds is seen in the financial opportunities afforded by the interbank system. Germes-Soyuz will initially be served by the interbank association of Germes itself; but in the very near future it will have its own interbank association, providing for maximum speed and efficiency in the redistribution of financial resources.

[ROSSIYA] What is the company's organizational structure?

[Neverov] The record of existing transnational companies, especially those created in the most developed of the developing countries, shows that they began their activity as holding-investment companies. The implementation of precisely such an approach has enabled a significantly beneficial influence to be exerted over the entire economies of those countries in which the companies are based. Thus Germes-Soyuz, as a holding-investment company, does not have to have its own production during the initial stages of development. We are proposing that it actively create new joint-stock companies and new juridical persons engaged in production. Germes-Soyuz will possess a supplemental package of shares in these offspring companies and the capability of coordinating the activity of these independent enterprises.

It is very important that the new enterprises be competitive on the world market right from the very beginning. There is no sense in investing funds in antiquated equipment. As others have said: "Do not pour young wine into dilapidated wineskins." We look upon the forming of joint-stock companies as the creation of a main thoroughfare in the establishment of new production relationships in the oil industry. We must not underestimate our capabilities—our country has technologies above the world-class level, primarily in the defense complex. Germes is already offering its system of technology parks and servicing expertise for analysis of the experience accumulated and opportunities for its application. An example is the Astro-Germes technology park established jointly with the Astrofizika Scientific Production Association. One of its operational orientations is the use of defense technologies for introduction at machine-building enterprises which produce oil equipment.

[ROSSIYA] The word "transnational" carries with it a great deal of obligation—operational experience is necessary in the world economic system...

[Neverov] We understand the full importance of developing a network of Germes-Soyuz representations abroad. It is necessary for the company to have assets

abroad, be able to carry out its activity in other countries, and have offspring firms there as well, functioning in accordance with local legislation. Naturally, all the profit from the activity of offspring firms will be invested in the development of modern production in Russia and other countries of the CIS.

[ROSSIYA] The company is set up as a joint-stock company. Success of the enterprise depends to a great extent on how attractive and safe the company's shares will be.

[Neverov] We have all the prerequisites for making shares of the Soyuz company a maximally attractive and reliable form of investing capital, which will afford founders the opportunity of attracting additional capital through sales of these shares. We will apply every effort towards seeing to it that, even this year, Germes-Soyuz shares become no less attractive than, for example, Exxon or Mobil shares, just as safe, and far more promising. Over the course of a certain period of time, founders will be able to purchase them at nominal cost and sell them at market prices—which should be about 10 times the nominal value. How will this be done? The Germes concern has accumulated sufficient experience of this type. Shares of the joint-stock company of the Germes and K Science and Technology Center are sold at market prices for 10 months, 20-35 times greater than the nominal price.

Such a situation arises in the event those who purchase shares have an opportunity to recoup the expenses for their outlay over one or two months, while our shareholders obtain great additional opportunities from the moment they acquire their shares. Germes is presently affording these opportunities, and they are being distributed as well to owners of Germes-Soyuz shares. Among them are the ability to trade in all trading houses and at exchanges of the Germes system without having to acquire broker's or trading seats. For many commercial structures such shares are more attractive than a high expected dividend.

Shareholders are afforded the opportunity to obtain credits for their financial operations from the Germes interbank system—in this regard, shares are accepted as security for credits. The extent of credit and benefits depends on the number of shares held by the party seeking credit. According to an estimate by the analysis service of the Germes multi-specialized concern, income in 1992 from the sale of Germes-Soyuz shares could reach R1 billion, while founders actively involved in fund activity will receive up to R100 million in profit.

[ROSSIYA] Are you not afraid of skeptical observations to the effect that still one more structure has emerged for manipulating capital and not engaged in production?

[Neverov] First of all I would note that it is precisely production units which are predominant among the founders of Germes-Soyuz. In establishing the market structures of Germes-Soyuz we have always understood

that these are meaningless unless they are to be supported by production. Today we would like to use all the potential of Germes in industry, especially the petroleum industry, where the foundation of the economy lies. We must pass through the stage of creating and developing large-scale transnational corporations, which will put funds into the petroleum industry, into science and production renewal. In their competition, these corporations will decide questions of lowering the costs of production and will shift the economy forward.

Overcoming Economic Backwardness

934A0033B Moscow ROSSIYA in Russian No 26,
24-30 Jun 92 p 9

[Article by Yuriy Shafranik, chief of administration, Tyumen Oblast: "TNK: Path to a World Economy"]

[Text] History shows there exist several paths any country may take to extricate itself from an unstable, temporary, transitional state of instability.

The essence of the first path is entry into the world economy, decisive integration into global economics, and active participation in the international division of labor, including in the sphere of advanced technologies. Stable political relations between Russia and other countries, primarily the developed countries, are possible only on the basis of solid contemporary economic ties, real uniformity in economic relations, and reciprocal penetration into one another's economy.

Here we should see not only our weaknesses, but our advantages as well.

In the developed countries, introduction of the newest technologies is often delayed by the fact that existing production is sufficiently modern and effective, there is no point in talking about its obsolescence. There are no such obstacles in a destroyed economy—and indeed, one based on antiquated technologies. The clearest example of struggle between the good and the better in favor of—alas!—the former can be seen in that of Great Britain for almost 100 years. The "economic miracle" of postwar Germany and Japan appeared on an absolutely new technological base. Yes, it required years before the economy of these countries was revived, but the initial results of the chosen path were felt fairly quickly by the population. Characteristic of this method are the emergence and rapid development of new, transnational companies (TNK), which are legally independent but enjoy the support of the state.

Characteristic of TNK's are use of the newest technologies and, most importantly, an organization of production structured on the basis of new production relationships which reform the entire economy. If a country sets out on a path of development common to that of world civilization, a great many companies will be formed at the outset claiming to play the role of TNK, and as a result of natural development and competitive struggle

there will remain a few large ones, dozens of medium-sized ones, and hundreds of small ones. The newly formed large TNK's usually have an enhanced competitive ability on the world market.

As the experience of developing countries in recent decades shows, the prospective TNK's which have defined themselves have enjoyed powerful support even at the initial stages from their national government, foreign firms, and international financial institutions. Large-scale, highly effective companies, supported both within the country and externally, are capable, in turn, of forming and reforming a great many small and medium-sized firms, of making them competitive, and thus ensuring organic inclusion of the national economy into the world economy.

These are the main features of the first path, the most favorable in our view, for extricating Russia's economy out of crisis. The second path of development from a state of ruined economy is characterized by the emergence, following a period of chaos and confusion, of a new, still more severe and totalitarian regime than that which existed prior to the economic catastrophe. Such a selection restrains a country's natural economic development for years and even decades, and leads inexorably to a new collapse, following which integration into the world economy must be carried out all the same, but under far worse initial conditions.

A third path is also possible, of which there are a good many adherents here. If we cleanse the pretty words and phrases from their actual program, this boils down to a plan whereby the government conducts reform on the surface, without touching the essence of the system, and artificially supports antiquated production relationships and production facilities, and crushes the initiative-oriented portion of the population with heavy taxes and other fiscal measures. In the search for a way out of the difficult situation, foreign capital is attracted through which better conditions are created than was the case using the country's own capital. Characteristic of this path is a shift to economic dependence on foreign TNK's and, as a reaction to this—a rise of nationalist forces, with great likelihood of embarking upon the second path. In the final analysis, the third path also delays integration into the world economy.

And so, the modern world economy is inconceivable without large TNK's, which in a certain sense form its framework. TNK's considered among the largest are based not only in the United States and Japan, but also in Brazil, Mexico, and South Korea. The Samsung company's record is studied by all who seek to create competitive TNK's capable of raising a national economy to progressive levels.

Realistically speaking, the first effectively functioning TNK's in Russia may well emerge on the basis of the raw material industries, primarily the petroleum extraction and petroleum refining sectors (it will be several years, for example, before the time comes for electronics).

Up to now the oil companies predominate among the top 20 and top 100 major world firms. The formation of oil TNK's will be carried out swiftly and successfully in Russia if public consciousness accepts the concept of a correspondence between the intensified development of TNK's and the country's national interest, if TNK's are supported by the government and by public opinion. International monopolies have constituted a bugaboo for so many years—but in the West TNK's operate under strict control of the government and the public, and the overwhelming majority of people do not see their existence as a threat to their personal or economic security. A fierce competition is being waged by several hundred TNK's, and this provides a guarantee of their observance of the established "rules of the game," the rules of conducting honest business.

Future Russian TNK's need not have anything in common with the industrial ministries so well known to us! They are commercial structures subordinate primarily to the laws of the market. It is the market and a forced struggle for maximum effectiveness, the spirit of competitiveness, which will impede their excessive bureaucratization. The TNK may actually emerge as a joint-stock company, which will comprise—in the capacity of constituent members—oil production associations, the Oil and Gas Extraction Directorate, oil-refining plants, and enterprises which produce equipment for the oil industry, not only from Russia but from the other CIS countries as well. It is important that the company include enterprises from various republics. This corresponds to their interests. Thus, 40 percent of the USSR oil production equipment was produced in Azerbaijan. Can it possibly not be better to deliver it on a new basis to consumers with whom one is acquainted? The oil-refining capacities of Ukraine are 10 times greater than its level of petroleum production—is this not a basis for cooperation?

The main task of future TNK's will be to use raw material reserves to create oil-refining enterprises with a higher technological level than the average world level. Enough of selling crude oil! Tsarist Russia did not do so. And the OPEC countries themselves refine most of their petroleum.

An important task of an oil company is providing financial support for production at the founder enterprises. But this will be accomplished only in the initial stages. How can it be done? The company can reap great benefit selling raw material and the products of oil refining in the country and abroad, using such new forms for example as sale of contracts for deliveries of petroleum, petroleum products, and equipment five or six months later; here, the oil industry receives a portion of the funds right away. This is a regular practice in the West, and Russia has also had its first experience in this regard. Another source of support for producers who are among TNK constituents is the attraction of funds accumulated by commercial structures through sales of shares, bonds, deposits, contracts, and other securities, as well as through the use of credit resources and the

multibillions accumulated by the commercial structures which are cofounders of the oil company. Such use of resources will solidify the situation not only of producers but of the commercial structures themselves which manifest serious interest in production investments but up until now have been denied an opportunity to do so with an acceptable level of risk.

The Material-Technical Supply Directorate of the Russian Ministry of Industry is examining the establishment of such companies as one of the main tasks of its activity, and will also be able to do its bit in providing producers everything they need in the way of raw materials, equipment, and component parts.

Our practice shows that a specific mechanism for operation of the holding company will be the establishment of separate joint-stock companies on the basis of existing enterprises. Let us say that, based on one or two shops of a certain oil-refining plant, a separate legal entity is to be created, an independent joint-stock company into which the plant puts its assets (totally or partially), and the oil company puts its capital and necessary equipment. There is no sense in modernizing the majority of oil refining plants. It is better to construct new, world-class production facilities in their place, utilizing the existing trained personnel, infrastructure, buildings, etc.

In this manner, the transnational oil company must provide for new economic ties through the entirety of the production chain, from the oil well to the gas pump—and not just in Russia, but abroad as well. The leading oil company of Russia we see in the future must be a worthy partner of Shell and British Petroleum. Until such time as there is a serious presence of our capital abroad and our operations are run according to the accepted world rules, no true integration with the world economy will take place.

The program of issuing joint shares and supporting the establishment of Russian TNK's is presently being developed both by the administration of Tyumen Oblast and by the Russian Ministry of Industry, as well as by leading commercial structures of the country. A few companies must emerge initially which contend for the role of TNK. The strongest of these will survive. It is time to begin.

Benefits for Oilmen

934A0033C Moscow ROSSIYA in Russian No 26,
24-30 Jun 92 p 10

[Article by Aleksandr Igolkin, branch director of the State Management Academy: "Time Does Not Wait"]

[Text] Not very much time remains until the potential social explosion which threatens to wipe out all the timid gains that have been made towards achieving a civilized economy and civilized society. If the present course of events is not overcome, the time may arrive as early as autumn. It has come down literally to a matter of days and hours. The rate at which old production ties are collapsing turns out to be significantly greater than the

rate at which new ones are being created. Sometimes it seems that society is ruled by logic: Let the old command-communist system collapse to its very foundations; then new production relationships, new market economic ties will arise in natural fashion from the pulverized, broken-apart economic cells. In some 10 or 15 years.

But we do not have this kind of time. Our reserve is approximately 150-200 days. And after that—a recoil back to rigid, centralized regulation and corresponding political changes. The main standard-of-living parameters of the majority of the population have already dropped to the level of 1950, and are continuing to fall.

We are not seeing any success in curbing the fall of production. The tremendous amount of mutual arrears of enterprises is engendering like never before a low degree of trust in partners. At thousands of enterprises people have not received their salaries for months. In a key region of the country—Tyumen Oblast—indebtedness with respect to payment of salaries in June exceeded R20 billion, of which over R10 billion constitutes indebtedness to oil workers. A session of the oblast soviet recognized the situation as explosive, on the verge of strike. If the oil workers of Tyumen rise up on strike—that is it, the end. Motor vehicles, trains, aircraft, tractors and combines, will stop—everything that travels, flies, or moves. There is nowhere left to retreat.

Political forces declaring they will be able to stop these processes and restore all the best of "the good old days" are gaining ever increasing numbers of supporters with each passing day.

Practical steps are required which are capable of stopping the catastrophic development of events. Our fellow citizens must see and believe that the shift to a new life, to new production relationships, has begun.

This is a very difficult task, but one which must be resolved, beginning with the key industry. For us, this is the petroleum industry. Noticeable changes are possible only if three main forces are united: progressive commercial structures, the most large-scale state enterprises, and state organs. Financial and production capital must merge. With each passing day, new structures get more and more of the free financial resources, while production still remains in the hands of enterprises which are considered state enterprises, but which in fact have been thrown to the whim of fate and are trying somehow to survive.

Half a year ago there was no accord among them, and in subsequent months the dissociation has grown. Whereas recently oil workers were constantly glancing back at the Petroleum Industry Ministry as they made very timid steps towards the market, in April, according to the directors of a number of the largest oil-extraction production associations, instructions and directives of the Ministry of Fuel and Energy were simply not read, as a rule! But not a single enterprise can operate normally without steady and reliable ties. In the last few months

oil has flowed through the pipelines and arrived at oil refining plants to a certain degree through inertia. Producers have not been receiving money for their oil and they are convinced that without truly functioning organizational forms, operation is impossible.

Certain organizational forms of ties are necessary. But what kind? Not the former ministry under a new name—that is evident. Everyone developed a persistent allergy towards any reorganizational efforts—there were too many of them and they all yielded a negative result or none at all. After all, they were carried out from above. Producers were burdened with artificial designs dreamed up in offices.

And now a founding agreement has been signed on the establishment of a joint-stock company of the open variety, the Germes-Soyuz Oil Company. Oil workers (and, therefore, all of us) will feel noticeable results of this event in just two or three months. The agreement was signed by directors of 35 associations and the Oil and Gas Extraction Directorate, which provide approximately 60 percent of the CIS oil, and by a number of the largest production associations for oil refining and transportation. The Tyumen Oblast administration and Union of Oil Industrialists joined in as founders along with them. The Russian Ministry of Industry became an initiator of establishment of the company, in the same vein as production associations of the Oil and Gas Extraction Directorate and oil refining plants. And it is especially important that commercial structures joined their efforts and capabilities with those of the oil industry, entering into the largest multi-specialized concern in the CIS, Germes. The concern has afforded oilmen its developed financial and commercial infrastructure within the CIS countries and abroad.

Strong ties with commercial structures and a certain parity between state and commercial enterprises have appeared, of course, not only in name.

Unanimously elected president of the Germes-Soyuz Oil Company was a prominent entrepreneur of the country, president of the Germes multi-specialized concern, V.N. Neverov. Economic leaders acknowledge that without entrepreneurs we will not extricate ourselves from the crisis.

The company is established as a transnational company—no use reinventing the wheel! We need a regular transnational company, based in Russia, and operating throughout the world. It is not only all types of financial operations that will be carried out abroad, but production as well—oil refining first and foremost. We have every opportunity of creating an oil company comparable in size and nature of activity to Mobil and Texaco. This is the only way we will be able to speed up creation of a powerful bastion of new production relationships which will exert a beneficial influence on the entire economy. And not only Russia's economy. Among the founders are enterprises of Tyumen Oblast, other Russian oblasts, Bashkiria, Udmurtia, Dagestan, Georgia,

and Kirgizia. Regions whose political leaders often cannot find a common language with one another are united from below, economically. Significantly, it is the oilmen who have progressed further along the path of unification than all the rest. This industry also leads with respect to rate of development of market relations—the oil market in the country was formed earlier than the market for other products. The oil industry constitutes that sector which has the greatest significance for our economy. And from Western perspectives, it meets major preconditions for integration into the world economy.

In no way is Germes-Soyuz a state supermonopoly. And this is not only because a well-known practical businessman and entrepreneurial ideologist stands at its head. The company is established as a joint-stock company of the open variety. Its initial charter capital is R50 million. Immediately after registration, this will begin being augmented to R10 billion. The contribution of oil enterprises can be made a part of their fixed capital.

How will shares of the firm, secured by the oil wells of Siberia, the Volga, Bashkiria, Dagestan, and Udmurtia, by oil refining plants in Eastern and Western Europe, be rated? A firm whose own network of banks has holdings in the tens of billions of rubles and hundreds of millions of dollars, which invests tremendous amounts of income currency into the establishment of offspring firms operating with the newest equipment? According to expert estimates, the growth of market value of the Germes-Soyuz Oil Company is expected to be beyond what any other joint-stock company has been able to show.

Shares of Germes-Soyuz will be accessible to founders at nominal value. A portion (a fairly modest amount) will be thrown out onto the market. The proceeds earned (several billion) will enable the oil enterprises to resolve their most urgent problems. Germes will afford its financial and commercial capabilities, use of which will enable maximum effectiveness to be achieved in resource utilization. But with all its importance, short-term gain—consisting of monetary inflow and the unraveling of bottlenecks—is not the most important thing. The company unites partners who share common interests—producers, transporters, refiners, and those who service their commercial structures. It is easier for associates to come to agreement with one another. Success is achieved in restoring mutual trust which has disappeared, in establishing production, commercial, and financial ties. The largest state enterprises with the least amount of losses will walk hand in hand with progressive commercial structures into the market economy. Many directors are already convinced of the usefulness of such ties.

The program of development of the first Russian oil company envisages large-scale investments to the producers who have become founders.

And so, an event has taken place whose significance we will be able to assess only in due course. The first

Russian transnational company need not stand alone. We can expect that other sectors will follow the example of the oil industry people and entrepreneurs who have joined together; and indeed, there is room in the oil industry itself for several more TNK's. We must not lose time! Over the summer we must at least form an elementary stock market, begin an active process of transfer of capital, and stabilize the financial system. The outlines of our future civilized economy must be accurately circumscribed right now.

Company Founders Listed

934A0033D Moscow ROSSIYA in Russian No 26,
24-30 Jun 92 p 10

["Founders of the Germes-Soyuz Transnational Oil Company"]

[Text]

Uryevneft Oil and Gas Extraction Directorate Director—
Vladimir Avgustovich Lider

Institute for Problems of Energy Resource Transportation
Director—Asgat Galemyanovich Gumerov

Dagneft Production Association General Director—
Abdulatip Sultanmuradovich Saidov

Gruzneft Production Association General Director—
Revaz Nikolayevich Tevzadze

Archedino Oil and Gas Extraction Directorate Director—
Matvey Pavlovich Zashikhin

Varyeganneft State Enterprise Director—Leonid Grigo-
ryevich Zakharov

Zhirnovsk Oil and Gas Extraction Directorate Director—
Vitaliy Petrovich Khitov

Ural-Siberian Main Oil Pipeline Production Association
General Director—Rasfar Nasifullich Bitayev

Khabarovsk Oil Refining Plant imeni Ordzhonikidze
Director—Nikolay Timofeyevich Shalavin

Moscow Trading House GERMES President—Valeriy
Vasilyevich Zhabin

Izhevskneft Oil and Gas Extraction Directorate Direc-
tor—Yevgeniy Isaakovich Bogomolnyy

ASTRO-GERMES Technology Park/Open joint-stock
Company President—Boris Grigoryevich Bogushev

Kogalymneft Oil and Gas Extraction Directorate Direc-
tor—Nazhin Anverovich Bakhtiyarov

Ufaneft Oil and Gas Extraction Directorate Director—
Ural Zagafranovich Razhetdinov

Aksakovneft Oil and Gas Extraction Directorate Direc-
tor—Vladimir Filimonovich Merzlyakov

ASSOKOR Association for Corrosion Protection of the
Oil and Gas Industry General Director—Mikhail Dani-
lovich Getmanskiy

Vakhneft Oil and Gas Extraction Directorate Director—
Gennadiy Lukich Churinov

Kyrgyzneft Production Association Director—Pashtemir
Kholbayevich Kholbayev

Chekmagushneft Oil and Gas Extraction Directorate
Director—Flyur Khakimovich Khatmullin

Upper Volga Main Oil Pipeline Production Association
General Director—Yuriy Dmitriyevich Sedov

Priobneft Oil and Gas Extraction Directorate Director—
Nikolay Fedorovich Lyubimov

KORSAR Aircraft Company President—Oleg Veniami-
novich Sham

Purneftegaz Production Association General Director—
Viktor Gavrilovich Ageyev

Saratov Drilling Operations Administration Director—
Vladimir Petrovich Galichenko

GERMES Multi-Specialized Concern Vice President—
Gennadiy Andreyevich Danilov

GERMES and K^o Science and Technology Center Presi-
dent—Valeriy Ivanovich Neverov

Ariannneft Oil and Gas Extraction Directorate Director—
Boris Mikhaylovich Gustov

Yuzharianneft Oil and Gas Extraction Directorate Direc-
tor—Fais Yamurovich Islamov

Union of Oil Industrialists President—Vladimir
Sergeyevich Medvedev

Izhevsk Petroleum Machine-Building Plant Director—
Takhir Mikhaylovich Dautov

Sibnefteprovod Main Administration for Main Pipeline
General Director—Nikolay Nikolayevich Leshchev

Salavatnefteorgsintez Production Association General
Director—Prokopi Fedorovich Tyugayev

Russian Ministry of Industry First Deputy Minister—
Mark Davydovich Dvortsin

Zapolyarneft Oil and Gas Extraction Directorate Direc-
tor—Boris Mikhaylovich Zakharov

GERMES-TSENTR Moscow Joint Shares Bank
Chairman of the Board—Vladimir Yakovlevich
Teplitskiy

Belozero Gas Conversion Plant Director—Vladimir
Ivanovich Blinov

Tyumen Oblast Administration Representative of the
Head—Vladimir Sergeyevich Medvedev

Energy Cooperation With Finland Proposed

934A0106A Moscow ROSSIYSKAYA GAZETA
in Russian 20 Oct 92 p 4

[Article by Nadezhda Ilinskaya: "Energy bridge: Russia-Finland: Our Experience Is Your Property"]

[Text] Russia's cabinet of ministers has discussed and adopted a concept of energy policy for the republic under new economic conditions. This concept was prepared by a creative collective of 150 leading scientist-power engineers, specialists under the leadership of the academic A. Makarov and was approved by the board of the Ministry of Fuel and Power Engineering of Russia. The planned economic measures will help lower the energy intensity of national income by 20 to 25 percent within 10-15 years. At present, the energy/national income ratio in Russia is two times higher than in Western Europe.

The action program, which is being counted on for a long-term period, envisages international cooperation. Among the Russian partners are Finnish power engineers, including the state concern "Imatran Voyma" (IVO), a joint stock company, which has been fruitfully collaborating with the republics of the former USSR since the beginning of the 1950's. The managers of the concern and a workshop of science journalists "Nekos" conducted a "round table" in Moscow: "Russian energy policy under new economic conditions with the participation of Finnish firms and with the utilization of their new technology and technical and operational experience."

Everyone wants to have electric power from a wall socket, giving little thought to its sources. It is no secret that to maintain its political influence and relative economic stability, the former USSR was to a significant degree obliged to export fuel and energy. But it is assumed that in the next few years exports of energy resources from Russia will decline. The extraction of oil and condensate has decreased by 35 percent over the last four years, and the experts believe that the end of the decline has not yet been reached. Energy conservation is becoming the whetstone on which alternative economic reforms are being sharpened. Viktor Novitskiy—director of the firm "Engineering International" of the IVO concern—spoke about this.

The Finnish energy concern is no novice in the Russian market.

I cannot help but boast: Suomi is renowned for its unsullied countryside. However, because of its geographic position as a northern country, its forests, rivers and lakes are particularly vulnerable, susceptible to acid rain. Thus Finnish norms setting limits on discharges from old and new power plants are among the strictest in the world. This stimulates our research and design work and forces us to perfect technology and equipment. Thus special burners of new design for a two-stage process of burning at TES's [thermal power stations] are reducing

discharges of nitrogen oxides twofold. And an installation for sulfur removal in Finnish production "Lifak" and other methods of purification will permit us as early as 1993 to lower twofold, in comparison with 1980, the quantity of dangerous discharges of sulfur dioxide.

The slogan of the day—comprehensive utilization of resources and waste—produces interesting results in practice. Experiments conducted in an IVO laboratory show that waste products from sulfur removal are an excellent component for building roads. I want to emphasize that our engineering experience is your property. We are concluding a contract with Russia for the design and construction of the North-West thermal power station near St Petersburg, where the latest technology will be used. In Kareliya we are starting construction of a TETs [heat and electric power station] that operates on peat. Our specialists have developed an effective technology for gasification of peat and biomass.

Although Finland imports a large part of its fuel, our electric power is significantly cheaper than in many other European countries. This is achieved above all through efficient production of power, thanks to an optimal combination of getting heat and electricity in an integrated manner and of obtaining energy from water, wind and the atom. A progressive system of administration, operations, and technical maintenance also makes its contribution to lowering overall expenditures in the course of the whole period during which the station is in service. The experience of the Perm GRES [state regional electric power station], which is equipped with Finnish automatic equipment, attests to this.

An illustrative detail: Conservative England has "turned over" to Finnish specialists the operation of two of its electric power stations.

Unquestionably, in actively taking part in Russia's energy program, Finland sees its own direct interest: to receive without interruption electric power from the Lenenergo system, as this has been done to the present day. The volume of energy exports can grow in step with the realization of the program of cooperation. In order to explain what implementation of the plan for energy conservation in the regional boiler and thermal networks can yield, I will refer to existing experience.

In 1988, IVO concluded a contract for delivery of a complete centralized heating system for the city of Mudanyang in northeast China. Today one power station producing heat and electricity combined has replaced 800 small boilers operating on coal. A city with 650,000 residents has been freed from the stench of ecologically harmful discharges. The economic results are no less graphic. There is indeed a global purpose to our activity—to preserve the natural resources of the planet.

International Labor Organization on Rise in Unemployment

934A0141A Moscow NEZAVISIMAYA GAZETA
in Russian 23 Oct 92 p 4

[Unattributed article: "Business News: Level of Unemployment Has Risen Threefold"]

[Text] The number of unemployed in Russia, in comparison with the beginning of the year, has increased threefold and is today over 176,000. Half of the jobless receive unemployment compensation, which in percentage terms is more than in the USA. Women constitute a significant share of the Russian army of the unemployed. The system for paying unemployment compensation has not been perfected. Very harsh barriers to payment of compensation are being introduced into Russian labor law. Thus the number of unemployed who receive assistance is not great.

These disconcerting data, obtained by Western experts of the International Labor Organization (ILO), were announced today at an international conference—"Changes in the Structure of Employment and Labor Policy in Russian Industry"—which opened yesterday in Moscow.

Materials of a detailed survey by ILO experts of 700 industrial enterprises in Russia, with the goal of studying how things stand in the home country's industry, constituted the basic work of the international forum. A detailed analysis of the data obtained should, in the opinion of the organizers of the conference, help in the future transition to a market for the labor force and in a better understanding of the basic problems in the area of labor and employment.

The ILO specialists noted the acceleration of the privatization process. This is confirmed by changes in the

forms of enterprise ownership: The share of state enterprises last year was 66.5 percent; as of the middle of this year, the share had been reduced to 58.6 percent. At enterprises that are fundamentally on a state basis, the share of output exported declined by 2 percent. At the same time, exports from private and leased enterprises rose.

The decrease in production is continuing. The utilization rate of productive capacity declined from 88.3 percent at the end of 1989 to 75.8 percent in June of this year. The ILO specialists noted the intentional accumulation of inventories. Speculation under conditions of growing inflation is more advantageous to enterprise managers.

According to a statement by one of the participants in the conference—the director of ILO's East European department, Guy Standing—the fundamental obstacle restraining opportunities for economic growth in Russia is the old structure of the labor force and the system of employment of the population. "Without significant reforms in this microeconomic sphere, success in macroeconomic restructuring in your country is impossible," the expert emphasized.

Latest Statistics Show Rise in Cost of Services

934A0141B Moscow ROSSIYSKIYE VESTI in Russian
27 Oct 92 p 1

[Article by Yuriy Pakhomov: "Prices for the Month: We Will Have Overcoats Made in Orsk but False Teeth Inserted in Magadan"]

[Text] Statistics indicate that prices for services paid for by the population are not jumping as quickly as prices for food and industrial goods. So for greater clarity we will compare indicators for the period from 15 September to 20 October of this year. Here are how average prices in Russia for several types of services, surveyed by the State Committee for Statistics in 132 cities, have changed.

In rubles	15 Sep	20 Oct
Custom-made woman's dress	1,282	1,450
Dry cleaning of overcoat	133	170
Washing and ironing of linens (per kilogram)	12	14
Fashionable hairdo in beauty parlor	86	111
Hotel (for one occupant in highest rated two-person room in first class hotel)	163	218
Movie ticket for evening showing	17	23
Initial visit to doctor	61	88
Blood analysis	24	38
One bed-day in trade union sanatorium	327	454

Amidst the general trend of rising prices, the cost of the very same services vary markedly in different cities. Thus, for making a woman's dress, 3,405 rubles were paid in Ukht, 3,210 rubles in Kaliningrad, but 520 rubles in Orsk and 650 rubles in Syzran. In Yakutsk, a one day's stay in a hotel cost 1,612 rubles, in Novosibirsk—640

rubles, in Birobidzhan—576 rubles, but in Gornyyak—55 rubles.

Moscow, which has always been celebrated for its excellent baths, has become the most expensive city in Russia with respect to this type of service: For the pleasure of

taking a steam bath here, one paid 50 rubles, in Tuaps and Tayshet—2 rubles. Making a dental plate cost 3,000 rubles in Blagoveshchensk, 2,000 rubles in Dzerzhinsk, but 65 rubles in Magadan.

Edict on Benefits for Former Juvenile Detainees of Fascist Camps

935D0054A Moscow ROSSIYSKAYA GAZETA
in Russian 24 Oct 92 p 5

["Edict by the President of the Russian Federation 'On Benefits for Former Juvenile Prisoners of Concentration Camps, Ghettos, and Other Places of Forced Detention Created by the Fascists and Their Allies During the Second World War,'""]

[Text] In order to improve the socioeconomic status of former juvenile prisoners of concentration camps, ghettos, and other places of forced detention created by the Fascists and their allies during the Second World War, I decree:

1. That the former juvenile prisoners of concentration camps, ghettos, and other places of forced detention created by the Fascists and their allies during World War II (hereinafter—the former juvenile prisoners of Fascism) who are recognized as invalids as the result of general illness, work injury, and other causes (except persons whose disability is the result of illegal actions) and who reside in the territory of the Russian Federation be granted the benefits for material and general support established for those in the appropriate groups who were disabled in the Great Patriotic War.

That other former juvenile prisoners of Fascism be granted similar benefits established for servicemen who took part in the Great Patriotic War.

2. That the benefits indicated in Paragraph 1 of this edict be provided at the expense of those sources which provide them for invalids of and participants in the Great Patriotic War.

3. That the benefits for former juvenile prisoners of Fascism stipulated by this edict be granted upon presentation of certification of their right to them issued by territorial organs of public social protection.

That the Ministry of Public Social Protection of the Russian Federation, jointly with the central organs of executive authority concerned, define the procedure for issuing certificates on the right to these benefits and prepare explanations on the application of this edict within 1 month.

4. That the Government of the Russian Federation submit proposals on entering changes and amendments in Russian Federation legislation which ensue from this edict within a 2-month period.

5. That the Russian Federation President's Edict No. 16 of 25 July 1991 "On granting privileges to former

juvenile prisoners of concentration camps, ghettos, and other places of forced detention created by the Fascists and their allies during the Second World War" be considered invalid.

6. That the present edict is to be put into effect on 1 October 1992.

[Signed] President of the Russian Federation B. Yeltsin
Moscow, the Kremlin

15 October 1992

No. 1235

Aircraft Get New Paint for Fuel Economy

934A0132A Moscow IZVESTIYA in Russian 30 Sep 92
Morning Edition p 8

[Report by IZVESTIYA correspondent Viktor Belikov: "Tupolev and Antonov Aircraft Change Their Paint for Fuel Economy"]

[Text] The "Aviastar" Association in Ulyanovsk, which is turning out the AN-124 "Ruslan" cargo aircraft and the Tu-204 medium-range mainline aircraft in series production, will be expanded by a new production subunit—a shop for painting the completed aircraft with the most advanced technology.

An agreement was reached with a branch of the well-known British chemical company (Curtolds) Aerospace, with the participation of "Aviastar's" business partner, the "FRIK" Corporation. As the corporation's vice president, M. Jarvis, told an IZVESTIYA correspondent, "FRIK" will finance construction of a special building in Ulyanovsk, and (Curtolds) will provide it with equipment, deliver the materials needed, and train the technical personnel.

The aircraft made in Ulyanovsk will be turned out in exact conformity with international standards for the quality of exterior aircraft surfaces. This will decrease drag and aircraft weight to the extent that fuel consumption in flight is reduced by 5 to 7 metric tons of aviation kerosene per hour!

Until now, domestic civil aviation has had only one opportunity to "improve" the paint on its aircraft. A special hangar, built with funds earned by duty-free "Fri-shop" stores at our international airports, has been operating for about 3 years at the Shannon Airport in Ireland. However, the hangar's capacity is limited, and a flight from Moscow to Shannon and return takes no less than 8 hours.

The overall attention and success at the air show in Farnborough enjoyed by the latest Tu-204 manufactured in Ulyanovsk were partly the result of its spectacular original paint in Russia's national colors.

An-38 Multipurpose Aircraft Profiled*934A0132B Moscow GUDOK in Russian 9 Oct 92 p 2*

[ITAR-TASS report: "A New Aircraft"]

[Text] The Novosibirsk Aviation Production Association (NAPO) has begun assembly of the An-38 multipurpose light aircraft. Anatoliy Zatselin, the enterprise's chief engineer, said the first models would be tested at the beginning of next year. The aircraft, which can carry 26 passengers, may be used to transport cargo, for aerial photography, for geological prospecting, or as an air ambulance.

In 3 to 4 years, the NAPO will be able to bring its production of this aircraft up to 150 per year, which will enable it to provide full employment for the collective. Yakutia will be the first region where the aircraft will be used. India has announced its intention to purchase 100 of the aircraft, which will evidently be shipped with an engine manufactured by the U.S. (Garret) firm. In the near future, the firm will ship five of the engines free of charge for installation on the first aircraft.

New Railcar, Locomotive Plant Highlighted*934A0155A Moscow GUDOK in Russian 20 Oct 92 pp 1-2*

[Report on meeting of railroad officials at Demikhovo Machine Building Plant by GUDOK special correspondent Oleg Popov: "Electric Trains From Demikhovo"]

[Text] A scheduled meeting of officials from the MPS [Ministry of Railways], managers of the "Transmash" Concern, oblast and rayon administration officials, and managers of the Mosoblstroykomitet [Moscow Oblast Construction Committee], the "Mosoblstroy-12" Trust, and its numerous SMU [construction and installation administrations] and other (about 30) contracting organizations was held last Friday at the local machine building plant in the suburban Moscow settlement of Demikhovo. Together with the plant board of directors, they discussed the progress of construction work to turn this small enterprise into the powerful head production facility to manufacture railcars and electric trains for suburban service in Russia.

The ministry delegation was headed by Russian Minister of Railways G. Fadeyev, which is always the case at these conferences on construction of the huge plant. The delegation included A. Kondratenko, deputy minister of railways; I. Paristyy, chief of the Moscow Railroad; V. Titov and N. Grom, chiefs of MPS main administrations; and other ministry officials.

This is a remarkable undertaking—completely renovating the small suburban Moscow plant which used to turn out dump cars and miniature cars for narrow-gauge lines and essentially building a new giant of Russian machine building in our difficult time.

So just what is going on—why have railroad workers "seized upon" this plant, which is costing considerable money, and how did they manage, when there is a critical budget deficit, to win over the Russian Government, which is not liberal with its investments and allocations?! The whole point is this: if we stop railroad transport, which has always been and still is the least expensive means of travel for passengers, there will be a terrible problem.

No, I am not exaggerating. Judge for yourselves: Russia's railroads provide suburban service not for millions, but for 2.4 billion passengers every year!

Every morning the Moscow rail hub's electric trains carry 1.5 million workers and employees of enterprises and institutions to Moscow from the suburbs in a peak 90-minute period. This is just like transporting the entire population of a city such as Yekaterinburg in such a short period of time! But we have a critical shortage of electric trains. The only plant in the former USSR which built them, in Riga (which was built with funds from the centralized state budget, by the way), is now in a foreign country. And they are asking so many incredible millions for electric trains that it makes your head spin. And we also have the riffraff who take advantage of the naivete and humanism with which the authorities treat criminals, which is carried to the point of absurdity, and the authorities' sluggishness; these disreputable persons strip the railcars of seats, ceilings, lamps, and electric cables, they pull out the window glass and frames or simply break them, and often even set a train on fire.

I think that these arguments are sufficient, even for the most inveterate skeptics and those who oppose new industrial construction at such a time, to realize how we need our own plant to turn out electric trains, and that these suburban trains are a most essential "commodity" for the people as well. And that many more plants that are operating may stop without them.

So construction of the Demikhovo plant is one of the Ministry of Railways' most important concerns now. So G. Fadeyev and his team rushed directly from their car to the construction site, taking the representatives of administrations, construction bosses, and the plant employees themselves along with them.

When I made a trip in February, I recall that these huge 400-meter hangar-like buildings were completely empty, and did not even have any concrete covering the dirt floors. I confess that, being aware of the protracted construction periods and the thousands of objective and subjective reasons which construction workers usually use as excuses, I did not really believe that the first five railcars of an electric train might be assembled in the main building by the end of the year. But the ministry leaders assigned this task, and the builders and the Demikhovo collective accepted it.

The hangar-like shops (the specialists call them bays) have changed so that they are unrecognizable. But much of the work planned by the schedule has not been

completed: the heating lines have not been completely closed in the main building; on the threshold of winter, the building has no doors and the windows are not finished. Concrete has not been poured everywhere, especially where it should be particularly strong, in areas where heavy equipment and machine tools are being installed. Installation of heating and electrical systems has not been completed, not all the gantry cranes have been set up in the shops, and there is a great deal more unfinished work. All this arrested the attention of Minister G. Fadeyev and his experienced team, V. Nalivayko, president of the "Transmash" Concern, and officials of the Mosoblstroykomitet.

After the project was inspected, a lively, businesslike conference was held; the only discord heard was in the report by G. Bogdanov, manager of the "Mosoblstroy-12" Trust. Judging from his optimistic tone, Gennadiy Andreyevich did not see any great problem in individual delays behind the work schedule; it is probably a negative practice which has simply found its way into the character of our construction workers. Just like the hasty promises to press ahead, to make up for lost time, to finish within the allotted time.

Those who spoke defined these promises specifically and objectively, but in an exacting manner, by suggesting urgent actions and steps to be taken.

G. FADEYEV (leading the conference): Judging by your words, Gennadiy Andreyevich, you have no complaints for the ministry: we are meeting all our commitments to finance the construction and in other matters. Employees of the Moscow Railroad have already linked the plant with 12 kilometers of track to the Moscow-Gorkiy mainline, and consequently, to the country's entire railway system, and they have laid the rails for the plant's station development. And they are prepared to provide assistance to the construction workers in resolving any problem facing them. You say there are not enough people. Yes, we see that as well, and we think the number employed in construction—430 workers—can and should be doubled, and even brought up to 1,000. But under the current situation in the country, you have simply ideal conditions: you have the project, the money, the reserve of specialists in the construction committee, as well as in your trust, and you are not having any particular problems with materials and equipment. Just organize the process properly and work! So what is the problem? In the fourth bay, several persons are spreading concrete with shovels—you have no machinery. So until you have it, add some people. You said you don't have enough pipe. Be more specific and tell us what kind, and where and how much you need and we will help.

You have to act more energetically and meet your commitments. Remember that by receiving the government's consent to build this plant and partial financing for it from the budget, all of us together have guaranteed very short periods of time for the work, and we have promised to turn over the first five railcars this December. We must keep our word!

I. PARISTYY: The Moscow Railroad is prepared to lay the tracks inside the shops as well. It is up to you, comrade construction workers, to lay a special foundation under them, and we will do this work quickly.

S. ILYIN, director of the Demikhovo Machine Building Plant: The plant has already purchased part of the industrial equipment for the startup complex of 200 railcars, and we have test stands for the chassis, the side walls, the cantilever beams, and lines for the general installation. Give us finished spaces for them. At present, 15 of our specialists are being trained in Riga at the RVZ [Riga Railcar Plant], working on railcar assembly. Thirty of the families at this plant have already made a firm commitment to move here, and another 130 of its specialists have expressed the same desire, which is quite understandable, considering the discrimination against the Russian-speaking population in Latvia. We will be pleased to receive them. But at present we cannot provide them with apartments, since the construction workers have been slow in turning over two residential buildings, although a third 60-apartment building has also been contracted.

M. PLAKSIN, deputy chairman of the Mosoblstroykomitet: We should realize that disruption of the construction schedule has taken place, unfortunately, and it was "provided" by the common efforts of all the contracting organizations. The normal, steady pace has been disrupted, and now all the operations have become top priority. But there is no disaster or reason for panic. The main objective is to purposefully apply ourselves to each of the items that is behind schedule, to add people and assign them intelligently to assemble the crane you already have in 2 or 3 days. Then it will cease to be a problem to pour in place 1,500 cubic meters of concrete here.

I am very much on the alert with respect to the housing problem. I realize how important it is for Director Ilyin to get the good specialists from Riga. On Monday, we in the committee will review the matter of commissioning the two residential buildings on a priority basis and do everything we can to resolve the problem as soon as possible.

V. NALIVAYKO, president of the "Transmash" Concern: I support the idea of substantially increasing the detachment of construction workers at the plant. First of all, we have to focus on scaffolding in the third and fourth bays. There is still time before the end of the year—2 and a half months—and we can make up for all the lost time by working harmoniously and sensibly. The Ministry of Railways is an excellent client and a very reliable partner. The state has come apart, but its trains are running and they are carrying people and freight. So Russia is building a gigantic plant that it needs so much. And it will be built! And it will have the first five railcars in December! Our concern has ordered some of the assemblies from the RVZ, and they will be delivered soon. The construction workers, I am convinced, will catch up. And those who are most deserving should be mentioned often.

Many suggestions for improving organization of the work were mentioned in the statements by managers of the contracting organizations and construction and installation administrations. G. Bogdanov reacted to the criticism courageously and with understanding. He assured his audience that the collective of construction workers would draw its conclusions from the criticism and ensure that the first five railcars would be turned out in December. Although the minister had taken Bogdanov to task for his liberal use of fine promises, he concluded by thanking the construction workers for the considerable work that has been done and expressed the hope that the ministry would have good reasons to reward them and the plant employees for the first Russian electric train cars from the Demikhovo plant. Suburban Moscow has become gloomy and faded after the recent early snow, but it is beautiful, all the same. And I wondered why the minister had spoken with such hope in persuading the construction and plant workers to turn over these first five railcars in December. They will not resolve the problem, especially as we need 5,000 of them, not five. And it seemed to me that I found a clue to the need for this in the almost symbolical success. Obviously, in our confusing and unsettled time, the danger exists that the government, which is in the grip of a critical budget deficit and further inflation, will again think about cutting back financing and investment in state enterprises. It is entirely possible that there will be a young but very important official in the economics or finance ministries whom it will be hard to convince that it is better to build our own plant, our own production facility to turn out electric trains, than to pay over \$1 billion for 1,300 German railcars. Our own plant will cost us less, it will become the foundation for domestic railcar manufacturing, and it will not pass away to any neighboring country (such as in Riga).

But since there is no guarantee that this high official can be simply convinced, just as the Demikhovo employees and the construction workers are, a first result is needed and extremely important—here are the very first five railcars from a plant in development. It would be absurd to move backward from the factor they represent. This is why the two wise engineers who initiated the idea, Gennadiy Matveyevich Fadeyev and Ivan Leontyevich Paristyy, are so persistently and courageously struggling in the ruins of Russian industry for this Demikhovo plant to be built. They are struggling for something which is difficult and troublesome, but which is extremely necessary for Russia.

Railway Transport Council Meets

934A0156A Moscow GUDOK in Russian 20 Oct 92 p 1

[Unattributed report: "In a Businesslike Proceeding"]

[Text] The fifth session of the Council on Railroad Transport of participating CIS states was opened yesterday in Minsk.

The agenda provided for consideration of a number of normative documents which the council's board of directors developed jointly with the representatives of railroad administrations. They include draft interstate agreements on dividing the fleets of freight cars and containers among the participating states in the CIS, the Republic of Georgia, and the Latvian, Lithuanian, and Estonian republics; on preparation, redeployment, and improvement of the fleet of railcars; and on the principles for joint use of freight cars.

Participants at the session will also have to discuss and approve the following: the basic principles for setting technical standards in railcar operation and regulating the handling of empty cars in international service; methods of settlement for the use of freight cars; the list of forms for operational and statistical information transmitted by the railroads; the status of a scientific and technical commission on rolling stock; and the status of a permanent arbitration court in railroad transport. A number of other questions will be considered as well.

G.M. Fadeyev, the Russian Federation minister of railways and chairman of the council, is chairing the meeting. The managers of railroad administrations; V.N. Butko, chairman of the council's board of directors; A.N. Kulichkov, chairman of the Transport and Communications Commission of the Belarus Supreme Soviet; G.V. Tishkevich, deputy coordinator of the working group of the CIS Council of Heads of State and the Council of Heads of Government; and railroad transport scientists and specialists are also taking part in the session's work.

Railway Finance Chief on Economic Woes

934A0156B Moscow GUDOK in Russian 20 Oct 92 p 1

[Report by L. Kizilova: "Clients and Commercial Banking Structures Are in Debt to the Sector"]

[Text] The deterioration of a number of indicators which characterize the sector's financial condition was reported at the selective conference on economic matters held at the Russian Ministry of Railways on 16 October. V. Pryadko, chief of the Finances Administration, reported on the unsatisfactory state of affairs with respect to the collection of freight charges from shippers. As of 11 October, the sector's payment debt amounted to 94 billion rubles [R] (it was increased by 5 billion over a 10-day period).

The receipt of earnings from the railroads for the ministry's centralized income distribution account is not going well. Money is being withheld without justification during the clearing transactions by commercial banks, which are making use of the sector's funds for their own enrichment. Essentially, this is financial robbery of the railroads by the commercial banks, Viktor Fedorovich noted. "We intend to appeal to the Russian president and the Supreme Soviet about this," V. Pryadko stated.

This state of affairs is leading to paradoxical situations. For example, according to the ministry's information, the South Urals Railroad did not transfer even 1 ruble of

its receipts for half of October. In fact, the managers of the railroad's economics service maintained during the conference that R1 billion were transferred. Where is this money? Obviously, it has also been "held up" in the commercial banking structures and alas, it is not working for the railroad workers at all.

It is no coincidence that one of the recent ITAR-TASS articles devoted to an analysis of Russia's banking system states that "a significant number of the banks have been turned into centers for speculation in 'hot money.'"

Of the railroads which have transferred a large amount of receipts during this period, the East Siberian Railroad leads with R1.379 billion. V. Pryadko stressed that this railroad is actively seeking ways to increase its income.

The sector's expenditures for September totaled R67 billion. Compared with September 1991, they increased by 28.8 times as much for the system as a whole. However, even this coefficient looks very unequal on the railroads. Thus, it is six points higher than the system average on the Transbaykal Railroad—34.7. At the same time, expenses are lower on other lines adjacent to this railroad: the coefficient is 24.9 on the Far Eastern Railroad and 28.5 on the East Siberian Railroad. Expenses have increased substantially on the Kalinin-grad Railroad—by 37.2 times as much. Railroads which have exceeded this average indicator for the system have been told to prepare a thorough analysis of their expenses.

The principal conclusion drawn at the conference is that it is essential to put settlements with clients in order and to demand prompt payment for shipments and debt liquidation. The sector's financial condition cannot be eased without this.

Minister Reviews Railway's Economic Woes

934A0108A Moscow *EKONOMIKA I ZHIZN*
in Russian No 33, Aug 92 p 1

[Article by V. Golovachev: "Railroads Are Not Subject To Stock Company Formations. Still.."]

[Text]

- The prices for MPS [Ministry of Railroads] services will increase in September.
- The ministry controls the situation in the branch.
- At times, mysterious metamorphoses take place in the governmental offices.

Success has been realized in protecting the MPS system against collapse. Very important events took place over the past one and a half months. At the end of June, the governmental board held a discussion (conducted by Ye. Gaydar) on the draft "Program for Intensifying the Economic Reforms." In the section entitled "Transport," recommendations concerning railroads were for

all practical purposes lacking. Thus I was one of the first to ask to be allowed to speak.

Today, one of the principal problems is the prices being asked for MPS services. Only railroad transport has fixed rates for freight and passenger transport. For 1992, the branch's expenditures are forecast in the amount of 360 billion, and income—420 billion rubles. When all of the taxes are taken into consideration, then the MPS is left with only enough funds for wages. It is noted that we sustain 66 billion in losses as a result of passenger transport. The profitability of freight shipments is approximately 29 percent.

I insisted on the governmental board providing an answer: what is the government's rate policy for railroad transport? Either passenger transport will be subsidized from the state budget and the prices for it will remain unchanged, or the passenger transport losses will be covered by increases in the rates for freight shipments. Or will the prices for train travel be raised?

Actually, the MPS is closely allied with the producers of rolling stock. Earlier, all purchases of railroad cars and trains were carried out by means of the state budget. Today, 20-25 billion rubles are needed for this purpose. If we are not familiar with the MPS rates and, it follows, the income, then we are unable to provide the manufacturers with a clear response regarding what and how many we wish to purchase from them. They are also troubled by this situation.

At the time, they did not give me a final answer. The decision was handed down calling for a program to be prepared, one which would take into account all observations, including our own.

One week later, the president chaired a meeting of the government of the Russian Federation. By this time, the "Program For Intensifying the Economic Reforms" had been modified. In particular and in accordance with a persistent demand by the MPS, it included the following statement: "to retain, throughout the entire period devoted to the establishment of market relationships and for stabilizing the economy, the existing system for administering railroad transport based upon federal ownership, which rules out parallelism and duplication in regulating the transport process and the railroads."

In speaking before a governmental meeting, I stated that many of our important recommendations had been taken into account, for example, that of retaining the system for administration and ownership of railroad transport. B. Yeltsin replied by stating: "Nor can it be otherwise." However, in those matters concerned with the release of prices for freight shipments, the president did not support me. But I said then and I say again now: the MPS does not search for its well-being in the pockets of passengers. With regard to increases in the rates for freight shipments, here a sensible and differentiated approach can be employed.

To this, B. Yeltsin replied: "We cannot release everything at the present time." Nevertheless, following the meeting, Ye. Gaydar, during a private discussion with me, stated that the government would release the prices for freight shipments: this will obviously take place during the middle of September. Moreover, Ye. Gaydar emphasized that we will be forced to raise the rates for passengers.

Within the MPS, we carried out a number of calculations. The prices for freight shipments will increase about 35 percent. I hope that the government will somehow find the funds for subsidizing passenger transport. If this is not done, the prices for train tickets will increase to 30 percent.

It would seem that once all of the principal questions at the highest level are resolved for the MPS, we should be able to work in a calm manner. However, with the handing down of decisions in the governmental offices, mysterious metamorphoses occur at times. That which seems clear today may be quite vague tomorrow.

For example, we have the edict of the president regarding stock company formation for state enterprises. It is stated in List No. 1 of the draft for this edict of the MPS—"not subject to stock company formation." Thereafter we looked at List No. 2—"with the permission of the government." And for some reason, List No. 3 read as follows: "stock company formation by decision of Goskomimushchestvo [State Committee for Property]."

I will not cite the details for "clarifying relationships" with Chubay. I will state only that the following decision was handed down at the end of the governmental meeting: the MPS and Goskomimushchestvo are preparing a document which states that at a given stage those railroads and enterprises which are involved in the transport process are not subject to stock company formation.

At the same time, by November the MPS must present its concept of stock company formation for the railroads. However, it can be stated today that our MPS has a large number of industrial enterprises, a construction base and a sphere of services which operates in behalf of passengers. Here we will boldly proceed with stock company formation.

A list has been prepared containing 442 of our enterprises having fixed capital valued at 3.6 billion rubles. All of these enterprises are subject to stock company formation.

It is noted that in the West alone, in some of the more developed countries such as Japan and Germany, have they only recently, cautiously and partially, started to turn the railroads over to private hands. We still have a long way to go before being able to do this.

[Boxed items]:

Passenger transport. During the first six months, there were 1.2 billion railroad passengers in Russia, or 88 percent of the level for last year.

Passenger traffic amounts to almost 113 billion passenger kilometers (96.7 percent). During the six-month period, the railroads of Russia lost 161 million passengers.

Freight transport. The six-month transport plan for Russian railroads was fulfilled by 103.4 percent.

Since the beginning of the year, 880.5 million tonnes, or 49.4 percent of the annual plan for freight shipments, were transported. The low level of annual plan fulfillment was reflected in the monthly loading plans for the first six months—47.8 percent. The volume of 900.5 million tonnes which remained for the second six-month period was for all practical purposes not fulfilled: in order to fulfill the annual plan for the second six-month period, 60,000 more tonnes had to be shipped each day than was the case during the first six-month period.

Fulfillment of the movement schedule for passenger trains. The average amount of late time for one passenger train is 1.9 hours, which is the same as the level for last year. Moreover, on some roads this indicator exceeds to a considerable degree the average level for Russian railroads (in hours).

Railroads	Average late time for trip	Russia	1991
Northern	3.25	1.39	-0.23
Kuybyshev	3.75	1.89	-0.08
Transbaykal	4.41	2.55	-1.18
North Caucasus	4.65	2.79	-0.29
East Siberian	9.59	7.73	-1.12

POLITICAL AFFAIRS

Danger Seen in Alleged Kravchuk State Ideology

93UN0127A Kiev NEZAVISIMOST in Russian
9 Oct 92 p 4

[Article by A. Vasin, candidate of economic sciences, NEZAVISIMOST economics columnist: "Who Needs the Stalinization of Ukraine? The Hidden and the Obvious in the President's Position"]

[Text] Ukrainian society is bursting at the seams from the blows of the global crisis. This scares not only those who are afraid to lose the sources of their existence, but also those who fear losing power. The concept for preserving class supremacy is clearly formulated in a report of President of Ukraine L.M. Kravchuk at the session of the Supreme Soviet.

The state is the principal instrument of any class supremacy. But its role is especially great in a society that is divided into a nomenklatura and the people. The nomenklatura does not directly control the basic means of production, but it exercises its supremacy through control over the state, performing as the principal proprietor and the main employer of manpower, and simultaneously as the supervisor, judge, and executioner.

Because of this, an incessant war goes on between the state and the people in a so-called socialist society. But this, of course, is a secret, because the people must believe that the state is its chief benefactor (otherwise the authority of the nomenklatura remains precarious). Hence the need for a subtle system of supremacy that combines terror and falsehood. Even a hint at confrontation between the state and the individual is not acceptable to the system. In strict conformity to this principle, the president in his concluding remarks proclaimed: "I have never counterposed the state and the individual, and I think that this simply is impossible."

To conceal the real relations between the state and the individual, a certain common purpose in the life of all of the people of a given country is contrived. Naturally, the state is its spokesman. But, further, it is simple: The individual and group interests of the people are recognized as socially useful only in the event that, from the standpoint of the state, they coincide with the aim it has proclaimed. Therefore, L. Kravchuk has declared with absolute sincerity that "the interests of enterprises should blend with the general picture of those objectives that we are striving for." But what "is not from the state" is "narrow egoistic interests." Decide for yourselves to what extent this corresponds to the principles of the market economy, where producers compete and, consequently, have opposing interests.

The objective put forth by the state as common should, to the extent possible, be taken from real life. That is the way it was with the problem of social justice in tsarist Russia and with the problem of the grandeur of a nation in post-Versailles Germany. Who will dispute the fact that

landlord property rights and classical capitalism in the 20th century became an impediment to social progress? Who does not agree that the German people over the course of a thousand years made an enormous contribution to world development? But when these sensible ideas are transformed into a state ideology, and when any other opinions are viewed as antistate, then the essential prerequisites for a totalitarian system emerge. As a matter of fact, it is precisely that kind of system that needs a state ideology—in a democratic society the most varied ideas, beliefs, and convictions coexist.

At the end of the 1980's, the idea of a "radiant future" burst forth. Everyone saw the real bared teeth of state socialism. It became clear that to preserve the hierarchical type of society, it was necessary to replace the communist idea with something else. And, it seems, one of the first to understand this was L. Kravchuk, the professional ideologue of the state. All sensible people recognized the progressive significance of the national revival of the Ukrainian people. Even greater support was received by the idea of the independence of Ukraine in the name of its economic prosperity. But it is unlikely that many were seized by the courage to see in these ideas the culture medium for the creation of a new state ideology. And here our president has to be given his due: He was the first of the Communist Party leaders to enter into a discussion with the prominent leaders of Rukh [People's Movement for Perestroika]—into a discussion in which it was already possible then to divine a search for material to be borrowed.

For any kinds of ideas to be transformed into a state ideology, it is necessary to take from them only that which serves the strengthening of the supremacy of the state over the individual. The thesis on the need for national statehood is pulled out of the idea of national revival, while national culture remains penned up, just as it was. But that is also exactly the way they behave with independence: A formally independent state is considered a great value, but not economic freedom as a condition for genuine economic independence.

The next step is the usurpation by the state of the right to interpret the meaning of the ideas that constitute state ideology. The mass media that ventures to formulate social values and priorities independently of the state becomes intolerable. And a lot of angry criticism was directed against it in the president's report, but undisguised irritation could be heard in the rebuke (it is difficult to call it an answer to a question) to V. Karpenko, a people's deputy and editor of Kiev's VECHERKA. (This looked especially impressive against the background of the complacent treatment of the economic breakdown: "The rates of decline have slowed down in comparison with the beginning of this year"; "The crisis has seized all of the countries of the former Union, and, for the time being, good medicines are not found anywhere"; "The causes are too profound, and I will not analyze them, because this has been done more than once already.")

The state needs a monopoly on the truth in order to become the center of the society, and it proclaims the unity of the people on this basis. This kind of "unity" is also the basic principle of the state ideology. This is what makes it possible to create a special combination of threats and promises that plays the role of a drive belt in the relations between the state and the people (the very concept of a "drive belt" felicitously emphasizes the need both to beat and to attract).

The report of the president shows that quite a bit of work has already been done on the slogan "unity" in the creative laboratories of power: "I emphasize: The question of the consolidation of the people and the unity of all of its forces is one of the defining conditions of our future independent development." There was talk of the need "to work for the achievement of the common goal," "to organize everyone for daily work," "to show courage and initiative, and to assume responsibility." To achieve unity, it is proposed "to adopt an act of sociopolitical conciliation, which would be open to every citizen of Ukraine" (It is interesting, with whom do I have to conciliate?) The thought is expressed about holding a "roundtable" dedicated, in particular, to political consolidation and to questions of economic development (indeed, for some reason, it has to be conducted as early as December, when, evidently, questions of economic development will become even more interesting).

The pretentiousness of all of these appeals, to put it mildly, is obvious. But they have far-reaching aims. After all, it turns out that the state wants only the best! But the one who is in opposition to the present authorities is encroaching on the unity of the people, and on independence, and on the state in general. So that there would be no doubts in anyone's mind on this account, the president, as if reluctantly, and as if through force, divides all citizens into good and bad, and moreover, affiliation with one or the other, what is more, is determined by the state: "If in fact there is a desire to divide our citizens exactly into two categories, then I would propose another principle that is more understandable to everyone: Those who today want to and are ready to struggle and with their own labor build an independent democratic Ukrainian state, and those who deliberately or unwittingly work for its disintegration. This will be absolutely clear."

If anyone recalled the lines from V. Mayakovskiy that "there are no middle ways," or the thesis that "who is not with us is against us," then it is not accidental. The creation of a picture of the enemy is absolutely logical for a totalitarian system and its ideology. It should not be surprising that, having barely started his report, the president accused his opponents with no less than being in league with the devil: "The people themselves can understand who in fact is erecting the walls of a unified Ukrainian house, and who is only talking about this, with the sole purpose of getting to the top of the structure no matter what happens and who is prepared in doing this to join with the devil himself and to pay for power at any price."

This mystical formula serves as the basis for a quite "earthly" idea: A political struggle contradicts the consolidation of the people, and this means that we do not need multiparty elections that could lead to "sharply uncivilized squabbles." What do we need? "A union of constructive forces," which will build the state neither badly nor poorly. And so that everyone should love the "construction of the state," the concepts of "democracy" and "democrat" are emasculated. It is not necessary to think that the joke about who is the "greatest democrat" is feeble. There is a reliance on the fact that a small catchword will remain in the consciousness: The president is a true democrat.

Here we come to a requirement to distort the sense of a concept, which is common to all totalitarian systems. Well, for example, just what is the "construction of a state?" The people, it turns out, do not simply live, work, love, have children and bring them up, and, in the final analysis, die. In fact, they engage in the "construction of the state" (or a "radiant future, or the 'thousand-year Reich'"). The president reported that there are 110,000 officers in the Ukrainian Army who took the oath. Besides the army, the state has the National Guard, the Security Service, the Internal Troops and Railroad Troops, militias of various designations, and a court and a procuracy. Dozens of ministries and state administrations do not exist just on paper. About a quarter of the state budget goes to the support of administrative structures. But it turns out that there is still no state, and that it still has yet to be built! Why is this myth necessary? Only to conceal the true nature of authority in society.

But this type of authority that we have in Ukraine is not restricted to the formation of state ideology. It is only the condition for maintaining the dictates of the state in all spheres of life in society.

The authority of the representatives of the president, which is cleverly called "democratic," is very good corroboration of this.

It is said that nothing in the president's report talks about economics. This is not so. Leonid Makarovich said the main thing: It is necessary "to strengthen the influence of the state on the state sector of the economy," i.e., on its overpowering part. It is true that curtsies in the direction of the market and privatization are not forgotten. But what it turns out to be is a kind of state destatization.

As is shown by the discussion of the failed account of the government, in reality the question is to deprive the enterprises of the independence they have gained and to a maximum degree to reanimate the command-administrative system. Life will show whether these attempts are repeated and whether they are crowned with temporary success. In any case, the president fully supports the policy of the government of V. Fokin.

The temporariness of any reanimation of total management of the economy is a result of the internal flaws of this system. The state, being the main economic subject,

is always first and foremost concerned about its own needs (military, administrative, and macroeconomic). As a result, the needs of the people are satisfied according to the residual principle, which deprives them of incentives for efficient work. In principle, this creates an indigent society, over which the specter of hunger hovers every now and then. And under certain conditions, hunger becomes a reality, when the state already too zealously conducts a war with its people, and therefore the need for its functioning grows excessively.

In one way or another, this situation is completely hopeless. As it seems to me, the president himself doubts the feasibility of the policy of the Stalinization of Ukraine. But he also does not see sufficiently strong forces that could lead Ukraine along another path. Hence his tactic of maneuvering and maximum noninterference: "I want us to understand that the situation is so difficult that any step, the kind, you know, well, that is too fast, can end extremely unsuccessfully." It is possible that, in the heat of his closing remarks, L. Kravchuk did not express himself entirely in a well-thought-out way, but, nevertheless, when speaking of the significance of foreign economic activity, he unexpectedly switched to another plane: "This work has to be done. I am only taking this alone on myself. And this was said, incidentally, by Ivan Stepanovich in order for us to establish the kinds of conditions for the government that it would have more freedom of actions, and so that it would respond." If one proceeds from the literal sense of what was said, then the president does not intend to treat questions on management of the state in a different way, i.e., as one of the deputies said, to be a president of action, and not a president of opinions.

But as the reader will recall, even after all of the criticism that has been directed at him and the government, L. Kravchuk insisted on its retention. Obviously, he understands very well that the ministers only play the music that is ordered in the wings. But since this is so, then really, what difference does it make who plays it? But apparently L. Kravchuk thinks that the old government could also play the new score.

Thus, both the concept of the president's report and his attitude toward the resignation of the government show that he considers the conservative forces in the higher echelon of the nomenklatura to be the most powerful, as usual. Is he right? The appointment of a new Cabinet of Ministers will give the answer. This answer will be the result of the struggle between the progressive and nationally responsible forces in the higher establishment (first of all, as V. Filenko has said, directors who see their place in the market) and the old guard command-administrative system. It will become clear whether Ukraine will take the European path, or whether the tendency toward its Stalinization will prevail.

Interview With Ultra-Right Organization Head
WS2710133492 Kiev KYIVSKIYY VISNYK
in Ukrainian 13 Oct 92 p 2

[Interview with Dmytro Korchynskiy, commander in chief of the Ukrainian Nationalist Defense Association, UNSO, by correspondent Petro Nemyrovskiy; date and place not given: "All Holds Barred?"; first five paragraphs are KYIVSKIYY VISNYK introduction]

[Text] Only three years ago nobody noticed them. It is not clear when, in the underpasses and on the walls of the houses, some little pieces of paper started to appear that called people to join a nationalist youth organization of self-defense. The swastika-like symbol was not taken seriously. Afterwards, KOMSOMOLSKAYA PRAVDA published a brief report that the Ukrainian Nationalist Assembly (UNA) and the Ukrainian National Defense Association (UNSO) were created with Yuriy Shukhevych, son of the Ukrainian Insurgent Army [UPA] leader, at the head.

Then, branch-offices appeared in Kiev led by university graduates. The rumor was spread that racketeers and Caucasian black marketeers had involvements with those organizations. "At long last we have the force," the rank-and-file people thought, "capable of doing away with all of the swindlers and racketeering." But suddenly, it turned out that the UNSO hoodlums, using brass-knuckles and gas sprayers, made an assault on a human-rights activists meeting held at Kiev Polytechnic Institute. Moreover, reports came in that UNSO'ers showed up in the Crimea, that they shed monks' blood in Rovno, Lutsk, Vinnitsa; there were reports about clashes with the Donetsk coal miners, the armed seizure of the Lavra Monastery, the Pokrovska Church; the pogrom at the Rukh department in Lvov.

The UNA leaflets become more and more frequent. Their newspaper, ZAMKOVA HORA [Castle Mountain], contained the explicit motto "All and Now". The UNSO detachments began fighting in the Inter-Dniester region. The UNA established close contacts with the Officers' Association of Westerners of Ukrainian descent. The democratic press called the UNA and UNSO straightforwardly "fascists". It is becoming clear that these organizations are building up their power and becoming a serious political force. They are turning into some sort of legend (just recall the UNSO slogan that was born in Kiev and spread all across the Republic "The Crimea is either Ukrainian or uninhabited").

They do not conceal their views and do not hide. On the contrary, they manifest themselves and say (and do) what they see fit. Their headquarters is located in the capital's downtown. The UNA is officially registered.

In the office, the portraits of Shevchenko, Bandera, Melnyk, and Konovalets are side by side with diagrams of Kalashnikov machine guns and guns. (Actually, they used to hang in every military instruction classroom).

Dmytro Korchynskiy, deputy chairman of the UNA and the commander in chief of the UNSA, answers the questions.

[Nemyrovskiy] Why do you think the UNA and UNSO were created?

[Korchynskiy] The Ukrainian people were always apt to organize to defend either themselves or Ukraine. This manifested itself even in the times of the Zaporozhska Sich [the 17th-century settlement of free Cossacks near the Black Sea], and lately during the struggle of OUN-UPA [nationalist military formations that fought Bolsheviks and Germans alike]. We represent the direct continuation of this tradition. It is in such militarized formations that our nation was formed and strengthened. At present, the nation is being molded by the UNA and UNSO.

[Nemyrovskiy] You are engaged in combat actions in the Trans-Dniester and the Crimea.

[Korchynskiy] While genocide is being conducted against the Ukrainians in the Trans-Dniester, our state does not defend them. This is why we believe it our responsibility to defend them on our own. Besides, the Cossacks, too, used to go to war with the Moldovan Kingdom. So, why should ataman [commander of the Cossacks] Vyshnevetskiy have this right and not us? (Just kidding). As far as the Crimea is concerned, I think this problem is far-fetched. The problem is not with the Crimea, but with the Kiev authorities. Last year it would have taken two weeks for a couple of UNSO detachments to solve this problem. Our declaration—the Crimea is either Ukrainian or uninhabited!—was not put forward just like this. The population of the Crimea should understand that the Crimea will be a part of Ukraine alone. Otherwise, it is war.

[Nemyrovskiy] You call yourself "self-defense". Whom do you defend yourself from?

[Korchynskiy] First, as for each individual, after joining us, everyone becomes protected by our organization. And generally, Ukraine has a lot of enemies today that pose a threat to our spiritual and territorial integrity. This, of course, applies to Russia as well as to Romania, Hungary, and to some extent Poland. These countries conduct intelligence and espionage activities in our country, spread anti-Ukrainian propaganda, infringe on our sovereignty. Our leaders turn a blind eye to that. This is why the UNA and UNSO stood up to defend the highest value—the Ukrainian state and interests of the Ukrainians.

[Nemyrovskiy] There are representatives of 130 nationalities living in Ukraine.

[Korchynskiy] Yes, but the Motherland of Russians is Russia, Jews—Israel, etc. For us, only Ukrainians count (if they stand for the Ukrainian national idea), and enemies—non-Ukrainians (if they are against the

national idea). Instead of genetic, we should take an ideological approach to the man.

[Nemyrovskiy] What is the UNO and UNSO's attitude toward other parties and Rukh?

[Korchynskiy] The majority of the parties play a destructive role. Rukh is also destructive for the Ukrainian state.

[Nemyrovskiy] A strong state is your objective. How will you accomplish this?

[Korchynskiy] The choice is not between democracy and chaos, it is between anarchy and strong power. As of today, not all the state institutions are functioning. The UNA believes that a poor order is better than a good war, and a bad government is better than sabotage. We are creating a power that would affect politicians, the Army, the state power at every level. The Assembly is interested in continuing production. We are against strikes, and this is why we keep industrial production under control. The railroad workers' strike took place because we do not yet have our representatives there. Soon, we will have our detachments throughout the industry, and all of the strikes and unrest will be prevented.

[Nemyrovskiy] By what means?

[Korchynskiy] Means ranging from propaganda to the application of force.

[Nemyrovskiy] Religious institutions are beginning to attract your attention.

[Korchynskiy] And not only them. As for the Church, we stand for only one Ukrainian Church with the patriarch in Kiev. I remind you: not in Moscow or Rome, but in Kiev. One nation should have one church. All the churches were occupied by the Russian Orthodox Church members. Ukraine should get rid of heavy and filthy Moscow oppression. The present church is full of bellicose and mendacious priests. Filaret is the most decent of them. Our taking the churches under control creates preconditions for their unification.

[Nemyrovskiy] What kind of people join the UNSO?

[Korchynskiy] Men aged 20 to 40 years old make up their majority. There are many servicemen, workers, students, unemployed.

[Nemyrovskiy] Including people with criminal records?

[Korchynskiy] Just tell me the place where there are no criminals.

[Nemyrovskiy] Are your people trained?

[Korchynskiy] Only our military detachments in the Trans-Dniester. The rest are not armed. But besides fitness they also go through combat training.

[Nemyrovskiy] Where do you get the money from? Are the UNA or UNSO supported by state structures?

[Korchynskiy] The money comes from donations. The Diaspora financial organizations do not support us. We have our adherents in the Supreme Council. There is no need to name them. In the future, we plan to nominate our candidates for all government bodies.

[Nemyrovskiy] And the last thing. Your organizations are referred to as fascist in the democratic press. Is that correct?

[Korchynskiy] "Fascism" is a term that has many explanations today. This is as much a national phenomenon as national fascism was in Italy, national socialism in Germany, Francoism in Spain. These days, charges of fascism have become universal, it can explain everything. This notion has been devalued due to frequent use. As for the German national socialism, we reject its basic tenet—the theory about a nation and a race. We are the Slavs, after all.

Russian View of Mood in Kiev

93UN0154A St. Petersburg NEVSKOYE VREMYA
in Russian 6 Oct 92 p 3

[Article by NEVSKOYE VREMYA special correspondent Diana Kachalova: "Who Ate the Fat?"]

[Text]

With a Newspaper, But Without Coffee

Kiev—Passions were seething in the little square in front of the Ukrainian parliament. It was the opening day of the session of the Supreme Soviet, and demonstrators from all oblasts gathered in Kiev with placards and flags. They demanded food at 1990 prices and social protection at the level of the stagnation years. They demanded a dissolution of parliament and the resignation of Premier Fokin and his team. They yelled so loud that they got what they wanted—Fokin left a week later. Briefly, everything was just like here in Russia, just as if they had not separated at all. Except that all the signs were in Ukrainian. The most laconic was the sign "Kravchuk to Nabyev," which in a simple translation into Russian means "Send him there!"

Crazed by the yelling in Ukrainian that was not entirely comprehensible to me, I sat down on a bench a little way off. After a few minutes an elderly female vagrant in incredibly green wide trousers that protruded from under a patched-up red skirt perched herself next to me. She jerked her leg and her big toe, which stuck out, and then disappeared in gym shoes that were obviously manufactured back at the beginning of the Brezhnev era.

"Why did you leave there?" she nodded in the direction of the crowd.

[Kachalova] I got tired.

"Yes, they are yelling loudly. They are proud. I am also proud. My two sisters and I were prisoners during the war. They later remained in Austria, but I wanted very

much to go home. I have been wandering since that time. One sister came here recently. I am amazed at how she ever found me. 'What, you are leading a beggarly life,' she said, 'come with me to Vienna. You will work as a maid for me.' I even flew off the handle. That I, indeed, leave Ukraine and go to the nasty Austrians to wash their crappers! It is better to croak here. Where are you from?"

[Kachalova] From St. Petersburg.

"That means from Russia? What kind of a car does your Yeltsin ride in?"

I shrugged my shoulders.

"What, don't they know anything about your own president where you come from? Ours was recently presented with the very newest vehicle with a sauna and a fan. The color of wet asphalt. To tell the truth, I have not seen it yet, but they wrote about it in the newspaper.

She rummaged around in an oil-cloth string bag and pulled out a package of newspapers.

"I bought them for 20 rubles. Instead of coffee. On the other hand, I now know everything. Our Fokin went to Yeltsin and asked for R250 billion. Your man gave it, and he was not greedy. But why should he not give, when he knows that if Russia does not give, the Germans will help. It is better with someone you know. Do you understand Ukrainian?"

[Kachalova] Not well.

"I have lived my whole life in Ukraine, but never gave a thought to what language I spoke. Now everyone is learning Ukrainian. But what is the sense? Previously, for example, there was a 'poyezd' [Russian word for train]. But now it is 'potyag' [Ukrainian word for train]. But who is going to ride on this potyag, when the price is out of reach...

Did Yeltsin Woo Kravchuk?

There is a little crooked Muzeynyy Alley in the center of Kiev. It has an unpretentious building at No. 8. A yellow-and-blue flag flies over it. The second story is occupied by the cultural society imeni Taras Shevchenko. A pale Xeroxed piece of paper indicates that young men "who are without any psychological complexes" and who desire to defend the interests of the Ukrainian nation in the Dniester region and Crimea are being received there. A portrait of Kravchuk with the caption: "Our president—our chief" is affixed with rusty thumb tacks to a cabinet. On the other side, on the wall, there is a diagram on how to disassemble a Kalashnikov assault rifle.

This organization is usually not talked about openly. No politician with any self-respect will mention the UNSO [Ukrainian People's Self-Defense Forces] in his speeches, let alone admit an association with it. If you analyze the entire spectrum of the national movement in Ukraine, then UNSO is ultra. It is on the borderline, but

perhaps even over the line where nationalism ends and Nazism begins. The UNSO is a young organization, youthful and small, with a total of several thousand people.

Officially they do not exist in Ukraine. They were not registered in Kiev but in the Dniester region. This is not surprising. There is no nationalism at the official level in Ukraine. The Government of Ukraine has not signed one document in which the interests of the Russian-speaking population would be infringed. But life does not confine itself to the framework of laws and instructions. I was buying IZVESTIYA at a newspaper stand when a portly man standing next to me politely inquired: "What's this, lowlife, you live in Ukraine but you speak Russian?!" In my opinion, this kind of nationalism is closer to everyday boorishness.

Travelling around Ukraine, Leonid Makarovich Kravchuk (a topic from Ostankino news) said in answer to a question from a citizen in a head scarf about his relations with Yeltsin: "A worthless fellow is being proposed as a husband for a beautiful girl. She makes excuses, but he still presses on. Is this good?" The people around laughed happily at the president's joke. It is strange, but my thoughts regarding the "joke" were the same as those regarding the man at the newsstand.

Who Is the Greater Asiatic?

"Do not poke around in the UNSO, they beat up Muscovites," local journalists warned me.

There and then I became interested in where such unintelligent people reside.

"Not only do they not advertise their location, but they also change it frequently. Try to find out from Chervonyya."

Deputy Chervonyya flabbergasted me from the very outset.

[Chervonyya] You have, of course, heard about the pogroms of the churches of the Moscow patriarchate in Rovno. I organized them.

[Kachalova] Are you not afraid to be so frank?

[Chervonyya] No, because this is a journalistic lie. It is simply that 10,000 peaceful adherents of the Ukrainian Orthodox Church did not want to have agents of the Kremlin in cassocks close by. And we went to tell them about this.

[Kachalova] Were there any victims?

[Chervonyya] There were no corpses. This is only the beginning. The Ukrainian people paid too great a price for 'friendship' with Russia. It is not just a question of the Bolsheviks. Even Peter I slaughtered entire cities.

[Kachalova] Which ones?

[Chervonyya] I do not remember. I have it written down somewhere. But you have to become civilized people.

[Kachalova] Me?

[Chervonyya] Everyone. You have Asiatic thinking. For Rutskey's visit to Ukraine alone his head should be torn off. I am not an advocate of blood, but if a revival of the Russian empire begins...

[Kachalova] And what are the signs?

[Chervonyya] Is the creation of an interparliamentary assembly not a sign?

[Kachalova] Tell me, what does Kravchuk think of the idea of "tearing off people's heads?"

[Chervonyya] He is the president. Therefore, he cannot permit himself radical statements. But he is my countryman.

[Kachalova] Do you meet with him frequently?

[Chervonyya] Enough. Indeed, I am going to see him now.

Very Pregnant Nationalists

[Kachalova] How do I find Dmitro Krichinskiy?

About 20 people were sitting in a stuffy room.

"What do you want?"

[Kachalova] I am a journalist from St. Petersburg.

"What do you know! Dmitro! A lady to see you."

I imagined the leader of the UNSO to be fat, vile, and with a moustache. Dmitro did have a moustache. As for the rest—completely different. A charming youth with a university look, with a kind smile and eyes that cannot lie. And he did not try to.

[Krichinskiy] We are a paramilitary organization. We have no political program.

[Kachalova] But how do you make decisions?

[Krichinskiy] We are guided by the edicts of the Ukrainian National Assembly. (The UNA is an ultranational political organization.—D. K.)

[Kachalova] You follow instructions for whatever reason?

[Krichinskiy] No, we are guided by national self-awareness and common sense.

[Kachalova] Most of all by what?

[Krichinskiy] National self-awareness.

[Kachalova] The law of Ukraine prohibits armed formations...

[Krichinskiy] We do not have weapons. When we went to the Dniester region—they issued us weapons there. When we left—we returned them.

[Kachalova] You returned absolutely all of them?

"Well, of course," Dmitro gave a dazzling smile. "Ask about our work. I will not gab for a long time."

[Kachalova] On what resources do you exist?

[Krichinskiy] On the contributions and dues of our members.

[Kachalova] Who joins the UNSO?

[Krichinskiy] Students, workers, retired servicemen.

[Kachalova] Do they have that much money?

[Krichinskiy] No. We are a poor organization.

[Kachalova] How many of you are there?

[Krichinskiy] Unfortunately, right now only several thousand.

[Kachalova] Those who join fill out a questionnaire?

[Krichinskiy] We do not have a column for 'nationality' and 'previous convictions.'

[Kachalova] What are the criteria?

[Krichinskiy] Loyalty to the Ukrainian nation. We are for order. Everyone who lives in Ukraine must be loyal to the Ukrainian nation.

[Kachalova] But who will determine the degree of loyalty?

[Krichinskiy] We will. Do not worry, we will not measure skulls with dividers.

[Kachalova] But what will happen to those who are not loyal?

[Krichinskiy] Let him leave. Russia is big, go, there is a lot of space in Siberia.

[Kachalova] If a person works hard for eight hours on the job, eats borscht at home, and goes to bed—is he loyal?

[Krichinskiy] Yes. He suits us.

[Kachalova] But if the authorities publish an edict that infringes on his interests?

[Krichinskiy] Whose interests?

[Kachalova] A Russian, for example, who lives in Kiev.

[Krichinskiy] Let him go to Moscow.

[Kachalova] So abruptly? Will you also help him to collect his things?

[Krichinskiy] It is impossible to be just a little pregnant. In the same way it is not possible to be just a little bit of a nationalist.

[Kachalova] Did you participate in the pogrom of the churches in Rovno?

[Krichinskiy] Not only in Rovno.

[Kachalova] What are your relations with the law?

[Krichinskiy] Charges have been brought against individual citizens, members of the UNSO, on armed attacks and the illegal possession of arms.

[Kachalova] Are there any murders?

[Krichinskiy] Some.

[Kachalova] How many cases are there?

[Krichinskiy] Not many. Several dozen.

We Are with You, If You Are on the Horse

Coincidentally, I rushed from Muzeynyy Alley to the Supreme Soviet for a meeting with Volodymyr Hrynyov, deputy chairman of the Supreme Soviet of Ukraine. I admit that I hoped that the meeting with the "Russian-speaking" deputy chairman would inspire more optimism.

[Hrynyov] Recently we proposed to submit strategic questions on relations with Russia for parliamentary review. But this proposal was declined. Today it is advantageous to keep this problem in an unresolved state. A clear formulation of the question could have serious political consequences for the one who formulates it.

[Kachalova] The formulation of the question, or the answer?

[Hrynyov] Two views on future relations with Russia exist in Ukraine. One tendency is to break away from Russia and the CIS quickly and integrate with the policy and economy of Western Europe. If you take into account that the president and the speaker of parliament are among the supporters of this path...

[Kachalova] Does this mean that this is the official position?

[Hrynyov] I would not hasten to dot the i's. Ukraine has enough people with common sense who understand that with the level of development of our economy we could only become a raw materials appendage. Especially because to cut ties with Russia would be suicidal. Of course, we must strive for partnership with Europe, but it is necessary to increase our economic potential by taking part in creative work inside the CIS.

In the first months after the proclamation of independence we rushed into one extreme—down with everything in the past, including Russia. But signals came from the localities that this policy was not supported.

Now, we have again wavered. Kravchuk and Yeltsin are kissing and embracing. Let them kiss, the main thing is so that work is not brought to a standstill.

[Kachalova] I return once again to your words about the need to formulate a strategy in the relations with Russia. Will such a courageous politician be found soon?

[Hrynyov] It is not a matter of courage. I think it will happen in the next five years.

[Kachalova] That is not very soon! And all this time we will be in a suspended condition?

[Hrynyov] It depends on how things go in Russia. If we see that your economic reforms are successful—no problems will emerge. But if disintegration and discord continue in your country, we will try to isolate ourselves from you.

[Kachalova] It does not turn out very amicably. If we are on the horse—you are with us. If, God forbid, we are under the horse, we could end up in proud isolation.

[Hrynyov] Today no one gives you anything for nothing. It is necessary to eliminate the profile of a state that helps endlessly. Everything has to be at the level of mutual compensation.

Say a Kind Word for Poor Russia

Ukrainian sociologists are with the Russians to a man—the rating of the presidents is falling. The rating of Boris Nikolayevich in Ukraine is lower than Kravchuk's.

Simple Ukrainian propaganda quietly and unobtrusively proves to its inhabitants: Russia is fleecing us as before. One can become convinced of the tenacity of the current myth about a poor Russia and a rich Ukraine in one evening by sitting in front of a television set. Within the space of several minutes two subjects are aired. The first: A batch of beets are sent from Ukraine to Russia. The second: A criminal group was arrested that was shipping drugs from Russia to Ukraine. That drugs are also being transported into Russia, as to all other states of the CIS, already does not interest anyone. The scoundrels, we send them what is good, and they send us trash.

The Ukrainian authorities are not trying very hard to dispel the myth of a dependent Russia. It is useful. Both left-wingers and right-wingers and government and opposition are together on this. In the reception room of Rukh [Ukrainian people's movement for perestroika], I was waiting for a meeting with Vyacheslav Chornovil, its leader. There was a crowd of people here. Finally I got to talking with women who persistently spoke to me in Ukrainian, despite the fact that I explained that I came from St. Petersburg.

"How much does sugar cost in St. Petersburg? (In Ukraine, the price of sugar jumped from R7 to R70 very recently. And this is a sore point with them.)

[Kachalova] They say R70, but you can only buy it for R90.

"That cannot be! We were told that in Omsk it is R20. How is Sobchak? He came here after the putsch, and he summoned people at a rally to friendship. 'Well,' he said, 'will we eat without you?'"

I doubt very much that Anatoliy Aleksandrovich said anything like this at a rally, but this is an integral part of the myth that both the president and housewives like.

"Has Chechnya left you?"

[Kachalova] It has proclaimed independence, but it is still there territorially.

"And has Tatarstan left? And the Far East will leave. But it was you who conquered it. St. Petersburg has not separated yet?"

[Kachalova] And it does not plan to.

"Strange. After all, Peter I conquered this land."

My interlocutors obviously were upset. I would like very much to be wrong, but, in my opinion, they got great pleasure out of asking about our difficulties.

"Ukraine is a wealthy country. It will be difficult for Russia without Ukraine. It is foolish that Kravchuk does not want to introduce visas. A border is necessary. And our own money."

[Kachalova] But are there coupons?

"Is this really money? We need our own hryvnya, a weighty one."

Incidentally, about coupons. If you, a citizen of Russia, want to feel like a full-fledged bearer of a mass of rubles—drive out to Kreshchatik. The usual people gathered alongside stalwart young men, one after the other, with signs "I will buy dollars and German marks," like ours in St. Petersburg—little old ladies, women, invalids in wheelchairs who look into your eyes or grab your skirt. "Do you have any rubles?" On better days you can get 160 coupons for 100 of our rubles, and on poorer days—up to 140. The people have kindly nicknamed them "fantik" [fantasy]—either because they are multicolored, or because of complete disrespect for them. It cannot be ruled out that "agents of the Kremlin" are also to blame for the fact that the coupon became a "fantasy." We fought for independence. We got it. But independence is not fat, and you cannot eat it with bread. This means that it is necessary to find out who ate the fat.

Ideas Are Vulgarized in Lines

Frankly speaking, the tone of the conversation with Vyacheslav Chornovil, leader of the large opposition movement Rukh, came as a great surprise to me. The Russian mass media have painted him in all kinds of colors. But after the UNSO and Deputy Chervonnyia, he

seemed to me to be an internationalist. His well-reasoned conclusions did not show even a trace of that extremism that is ascribed to Rukh. We talked about good neighborliness and about his friends in Russia, about the need for economic cooperation, and about the fact that his daughter, who is going through a probationary period in a theatrical institute, lived for several months in St. Petersburg, and that she liked our city very much. Rukh is proud of the fact that, in contrast to the Russian democrats, it is conducting a tough and implacable fight against anti-Semitism. Incidentally, in Lvov, where Rukh's influence is especially strong, anti-Semitic organizations have been completely eradicated. Vyacheslav Maksimovich got very angry, because to this day the national democratic movement is confused with the usual Nazism. "We are for the equality of all nations and for independent and equal relations with all states."

Then why, literally behind the door of his office, in the reception room, were the kind and nonaggressive women talking about something entirely different?

In the opinion of sociologists, who have repeatedly researched the phenomenon of Rukh's enormous popularity, the trouble with this movement is that it could not rally the intelligentsia, and it ended up without intellectual support. Ukrainian scholars—economists, political scientists, and lawyers—look on Rukh with an excessive amount of skepticism, not seeing in it a serious economic program. Rukh's main support is in the rayons, people who are not sufficiently educated and, like any opposition, more inclined to destruction than creation.

This is the theory. But in practice, I think, everything is significantly simpler. Any ideas and programs, even those put forth by the most brilliant leaders, are vulgarized when they end up with the masses. And those that seem reasonable and fair at the level of high authority take on a rather vulgar form in kitchens and lines. This is natural. The trouble is that we rarely encounter higher authority, but we are in lines every day.

This Is Not the Time To Argue about Borders

I do not know what it is like for anyone else, but for me it still seems strange that currently Ukraine's relations with Russia are conducted through the department of the Ministry of Foreign Affairs. What kind of foreigners are they for us when, until recently, as attested by sociological polls, 40 percent of Ukrainians considered the Russian language to be their native tongue.

But if we in Russia, out of force of habit, remember that that land was ours, the government of Ukraine is trying to forget about this completely and as quickly as possible. This was once again delicately emphasized by Boris Tarasyuk, deputy minister of foreign affairs, during our conversation in the press center of the Ministry of Foreign Affairs of Ukraine. We got to talking about the ill-fated Crimea, and I heard that it was inappropriate for two respected states, participants in the Helsinki process, to quarrel over borders.

[Tarasyuk] I think that a moratorium has to be placed on all subjects associated with borders. The division of territories is not a job that we should concern ourselves with today, if we do not want to follow the example of Yugoslavia. Any attempt on the part of any member of the international community to bring into question the existing state borders contradicts the norms of international law.

[Kachalova] How independent is the government, and in particular the Ministry of Foreign Affairs of Ukraine, from the pressure of social and national parties and movements? After all, many of them are rather loudly demanding full isolation from Russia and the priority rights of the Ukrainian nation in Ukraine itself.

[Tarasyuk] The treaty signed by Russia and Ukraine in November 1990 sufficiently clearly stipulates the rights of Ukrainians living in Russia and Russians living in Ukraine. We are obligated to make the level of our relations worthy of many centuries of friendship. Sometimes the sharp expressions of individual politicians who raise doubts about the territorial integrity of our state arouse outbursts of anti-Russian feelings. That is the way it was after the announcement of 27 August 1991, when the Russian Government declared the necessity of revising the borders of the former republics. That is the way it was after Rutskoy's trip to Ukraine. But I do not know one political organization that would come out for discrimination against any nation in Ukraine. If you indicate such to me, we will speak specifically.

[Kachalova] The Ukrainian National Assembly.

[Tarasyuk] I do not know what the leaders of this organization mean by national dignity.

[Kachalova] But perhaps dignity changes with how it is understood by the leaders of the different organizations.

[Tarasyuk] I would not put the question this way. We have a right to expect that all nations that live in Ukraine respect each other.

Unfortunately, at that moment, the time allotted for our interview ended and Boris Ivanovich hastened to excuse himself. Only later, after listening to this recording, did I understand that behind the diplomatic courtesy I still did not get an answer to my question.

In the dining hall of the Supreme Soviet of Ukraine the waitresses are in blouses sewed in the national style, and the rolls with nuts are affectionately called "slipochki." Ordinary snackbars make regular coffee, and for a thick glass tumbler they take, as in Russia, the usual deposit—R15. The music is playing, but for some reason it is not "The Wide Dnieper Roars and Moans," but some vulgarity of the type: "Sex machine... Oh-ho... Sex man... Oh-ho!"

The meetings of the session of the Supreme Soviet are conducted only in Ukrainian, and it is extremely rare

that you hear Russian from the rostrum. True, malicious tongues assert that Ivan Stepanovich Plyushch, chairman of the Supreme Soviet, is studying Ukrainian at night, inasmuch as his pronunciation is excellent but the vocabulary of the speaker is somewhat weak.

The life of independent Ukraine, moreover, just as it is here, is full of absurdities. The session of the Supreme Soviet opened, and several streets around the building of the parliament were surrounded with a militia cordon. The trolleybus stop was moved several blocks away so that foreign-born elements could not penetrate restricted territory. People swear, but they go. In a futile search for the press center of the Supreme Soviet on Bankovaya Street I asked a group of militiamen for help. "We were only brought here to Kiev this morning. We ourselves are not locals. They were sincerely distressed that they could not help me. In the end I found Bankovaya Street—it is the former Ordzhonikidze Street. Like in Moscow and St. Petersburg, Kiev residents confuse the old and the new names. Everyone, like here in Russia, almost everyone.

The metro stops are now only announced in Ukrainian. After returning to St. Petersburg I intimidated my friends for a long time with the long sentence: "Nastupna Zupynka—Maydan Nezalezhnosti." I do not think I mixed it up: "The next stop is Independence Square." By the way, it is the former October Square.

The friends with whom I stayed live on Friendship of Nations Avenue. It has not been renamed yet. God grant that there is enough common sense not to rename it in the future.

Student Leader Opposes Strike Tactic

93UN0174A Kiev NEZAVISIMOST in Ukrainian
16 Oct 92 p 7

[Interview with Vyacheslav Kirilenko, leader of the Ukrainian Student League, by O. Unguryan, place and date not given: "Vyacheslav Kirilenko: 'We Are Not Making a Cult Out of Our Action'"]

[Text] For Ukrainian citizens' information: tomorrow, 17 October, will be exactly two years from the date of adoption of historic Ukraine Supreme Soviet decree "Regarding the Demands of the Students on Hunger Strike." Without flattery or sarcasm—it was indeed historic. If only this decree were implemented as speedily as it was adopted... The Ukrainian Student League (USS)—the organizer of the fall 1990 hunger strike—on 13 October again drew attention to itself by organizing a procession to the Supreme Soviet. Surprisingly, however, the USS did not participate in the student action on Independence Square, which took place on 5 October and was organized by the League of Ukrainian Students (SUS). One would think that with such similar acronyms and both being students... At the press conference this question was bitingly thrown at the USS: "And how are you going to distinguish 'your' students?" The leader of the Ukrainian Student League, Vyacheslav Kirilenko,

retorted: "We will issue them different headbands..." Although the point is not in the headbands, of course...

[Unguryan] And what is the point, Vyacheslav?

[Kirilenko] We support the SUS political demands, but we were against the timing of this action. It needed to take place either earlier, before Fokin's resignation, or later—on 13 October, timed to coincide with the Supreme Soviet plenary session. Then it would have exerted pressure on the power structures. The week of the student sit-in—from 6 to 13 October—simply worked for the self-advertisement of the SUS leadership and, strictly speaking, that acronym. You see, from the moment it was founded the SUS has been continuously striving to conduct such measures. Certainly some complex of not having gone on enough hunger strikes still remains. So now the SUS really has an opportunity to act. Except that it is simply an individual action of certain political forces that does not have its origin in October 1990. It is similar in form but is completely different in substance.

[Unguryan] What is the relationship between the USS and the SUS, and in particular between their leaders?

[Kirilenko] There was no such organization as the SUS at the time of the hunger strike. There was a Student Brotherhood and the Ukrainian Student League. It was already later that the SUS, which has as many supporters as the USS, got organized. We strive to cooperate. Except that so far the SUS has not indicated any inclination to cooperate. I did not have any particular quarrels with the SUS leader Volodymyr Chemerys. But we do differ with respect to political direction. That is, not I and Chemerys personally, but the student organization as a whole.

[Unguryan] What does it mean—with respect to political direction?

[Kirilenko] USS members are part of the New Parliament for Independent Ukraine coalition. We are collecting signatures for a referendum. We are also among the cofounders of New Ukraine. Both are opposition structures. Generally, I would put it this way: We are in opposition to the existing state of affairs. The SUS is not in opposition. Certain things—getting exposure in the broadcast media and the press—they manage to achieve quite easily. People who are interested in politics know very well what is what and where a certain action comes from. Behind the SUS is the Congress of National-Democratic Forces of Ukraine (which, in my opinion, has inspired the action at the square), as well as certain forces from the president's entourage... Generally, I consider the existence of different student organizations entirely normal.

[Unguryan] Forgive me, Vyacheslav, for this tactless question: After the hunger strike rumors started that the USS leadership "profited" tremendously from this action, got rich and started traveling abroad...

[Kirilenko] First, now everybody travels, and there is nothing criminal in that. I personally have not been abroad, but does it have to be a matter of special pride? As to the "crazy" money... I did not get anything from that action; I do not have any reason to accuse anyone of it. These rumors got a boost, first, after Fialka's "famous" materials in KIYEVSKIY VESTNIK on the eve of Oles Doniy's balloting for the Supreme Soviet and, second, after the founding of the SUS, when a struggle started between the newly elected leadership and the old leaders. Of course, they were using all the devices they could think of...

[Unguryan] Such youth "games" of the transition period. It makes me feel sad. Let us turn to philosophical matters. The knowledge of philosophy probably helps you, does it not?

[Kirilenko] Philosophy is something that has its own value. I am a person who has a taste for it, and during any—transition or nontransition—times engage in it vigorously. Philosophy does not bring profits (it never has), and so it is viewed as an unprofitable science. Nobody finances it; students gradually forget about it. Of course, this will change...

[Unguryan] Which philosopher do you feel closest to?

[Kirilenko] Martin Heidegger. He looks at the individual in existential structures. This is very topical right now.

[Unguryan] Does it seem to you that currently students survive rather than live, and that their educational qualifications have dropped almost to zero?

[Kirilenko] It not only looks that way—it is. An overwhelming majority of students are engaged in trading. And most of that majority are engaged in business of very low sort. That is, what in the past was called speculation is now called small business. Among the thousands of students there are, however, lone individuals who are seriously engaged in science. They do not get into trading; they do not have powerful fathers or sponsors. They are always in a library, appropriately dressed. They stand out in a crowd. There are such people in every department. What I consider an absolute priority in the work of a student organization is not the conduct of great politics but social protection, making it possible to help such people. Such as the creation of scientific societies (not for the sake of societies but to make it possible for talented individuals to develop), realization of special programs that provide financing for such people. As to that majority of students engaged in survival (as they understand it), helping them properly establish entrepreneurial activities, and student cooperatives. So that it will be a serious undertaking rather than small-time trading. Those who have a talent for it will become managers and businessmen; those who do not will simply make an honest living that will make it possible to support a family, children... As to our union, it will through its channels help in the approval and implementation of student programs. Which is why, strictly speaking, we are involved in what is called

politics—so we will have access to the structures that can help students. Politics is not a goal in itself for us. Generally, the boundaries within which the student movement finds currently itself are too narrow, and everybody can see it. They need to be expanded. We need to take the movement out of basement offices, torn down walls, and broken telephones to the level of the people.

[Unguryan] How?

[Kirilenko] First, by holding a congress of Ukraine students, at which each higher education institution will be represented, under the auspices of the Ministry of Youth Affairs. Rather than providing money for everyone at congresses—here is, they say, social protection for you, instead, finding a conceptual solution: what does one have to do in order to support oneself for a period of five years? This is one direction. Another is student self-rule. A student parliament. Of the kind that has existed for a long time in Germany, France, and Poland. We will also have this—almost everything is ready for it. Under optimal conditions this will enable the elected student structure to concentrate in their hands all affairs related to youth, from passing laws to announcing student strikes. Students from every department are elected into the parliament for a maximum of one year. This is similar to trade unions or to some extent to student fraternity organizations. All of this is normal. It builds the structures of a civic society, defines the youth...

[Unguryan] And still, the USS is again "at the barricades..."

[Kirilenko] Back then, in October, we reserved the right to continue our action. We have one demand: fulfill the 17 October resolution and its main point—hold a referendum. Right now we are collecting signatures, but this will take a long time. That resolution said directly: The Supreme Soviet itself sets the date for a referendum, and in the spring of 1991 elections are to be held on a multiparty basis. Generally, our position was announced at the Third USS Congress, which took place on 26-27 September in Donetsk: we are for students being in the vanguard of progressive change. But we are against using students as cannon fodder. We are for actions that will be adequate for whatever the political situation may require.

[Unguryan] Vyacheslav, are students not tired of politics? Even in the past the percentage of "politicized" students was not that high. And now, at a time of all-out apathy...

[Kirilenko] No, students always had, have, and will have an interest in politics. It is another matter that in the past there was an opportunity to more actively influence the political process. The oppositionist stand of the student movement was then expressed in the simplest form of action: demonstrations, picketing, strikes... We want change; the old totalitarian system does not suit us—it is a bankrupt system, although for certain reasons it is still

holding on. We need to attack it. Understood? Understood. Then on to the square!.. This is the way it was in 1990. Now everything is more sophisticated—and more difficult. Nothing can be achieved by pressure alone. To put it concisely, the Fokin government is bad, while the transitional government of reform at this stage is good. The old Supreme Soviet is bad. A new Supreme Soviet, elected through multiparty elections, would be normal. Except that these are matters that are not decided at rallies. For the Supreme Soviet—it is the collection of signatures and... a little pressure. A little. For the government—it is propaganda in the press; and so on. Therefore, student political activities of the type used before will not do in our times...

[Unguryan] I understand. We have all changed during the past two years. One cannot enter the same river twice. It is regrettable, though that the uplift of the fall of 1990 will never be repeated. What do you recall most often about those days?

[Kirilenko] First, it is the attitude towards us on the part of most Kievans. Tender, friendly, full of understanding. The warm clothing they were bringing us (without being asked by anybody!)... The cigarettes being passed into the encampment—that at a time of terrible tobacco shortages... Those tender women who were trying their best to get us to take tea with sugar. We could not take sugar... "Well, take it, boys, at least for the guards." But the guards, of course, would not take it because it would be unethical...

And also remember—the first time students walked out from the auditoriums on 13 October. They went to Khreshchik, blocked the traffic... It was a moment of unity that is impossible to forget.

And on 15 October, breaking through to the Supreme Soviet. Putting up another tent city ("upper," we called it afterwards). Direct broadcasts on television: we finally were given an opportunity to speak. And the seizure of the university's red building. This was the turning point, the day of most radical actions. Although at the same time I still respected it then and respect it now for being nonviolent. The second week of the hunger strike ended. That was it! We had to either die or save these people, who held on from the very beginning. And their calm, their silent conviction, did win, despite the OMON [Special Designation Militia Detachments] and the administration's opposition... The ethics of nonviolence that we subscribed to were realized at that time. And, I think, at that same time Kiev understood that Ukraine will become independent. I understood why...

[Unguryan] Did you have any funny incidents?

[Kirilenko] There was one, in the category of "black humor." Someone telephoned Leninskiy Rayon Militia Department saying that there was a bomb of Italian make set to go off near the camp. So Mr. (that is, at the time Comrade) Kondratyuk, the department chief, issued an order: Search! So they crawled around the tents and looked for a black attache case. Of course, there was

nothing there except backpacks. Although... The information was that the explosion was set to go off at 2100; consequently, they had to take some protective measures. Imagine this surreal picture: The clock at Independence Square strikes on the hour and everyone—students, passers-by—lies straight down on the pavement, because the order was for everyone to get down. Like hide-and-seek—the monument to the leader of the world proletariat. Utilizing in the most utilitarian way this work of architecture. All quiet... By 2103 I was already laughing. Although the whole incident did use up a lot of nervous energy.

[Unguryan] At the time you were all together. And now... Have you had disappointments when it comes to your friends?

[Kirilenko] No. It is another matter that each chose his own road. Some—politics (and different at that); some—business. And some went into legal research, which is also all right. But all of them are people who know what Ukraine is.

[Unguryan] Are you planning to mark the anniversary of the hunger strike?

[Kirilenko] We—those who live in Kiev—meet regularly. And of course mark the beginning and ending of the strike. Although I would not say that we are making a cult out of this action. USSR ideology, by the way, rejects any kind of cults. It simply happened; it is simply something to remember—that is all.

Fund for Development of Local, Regional Government

Statute of Fund

935D0036A Kiev HOLOS UKRAYINY in Ukrainian
10 Oct 92 p 2

[Text, "Statute of the Fund for Assisting the Establishment and Development of Local and Regional Self-Government in Ukraine. Annex No. 1"]

[Text]

1. General Provisions

1. The Fund for Assisting the Establishment and Development of Local and Regional Self-Government in Ukraine (henceforth, the Fund) is a state organization which is established to provide scientific and methodological support for the elements of the system of local and regional self-government in Ukraine.

2. In its operations, the Fund proceeds from the Constitution and laws of Ukraine, edicts and directives of the president of Ukraine, as well as the present Statute.

3. The Fund operates on the principles of self-management, glasnost, and collegiality.

4. The Fund recognizes provisions of the European Charter for Local Self-Government.

5. The Fund is a juridical person, and has its own balance sheet, accounts at banking establishments, and a seal with the depiction of the state emblem of Ukraine and its name.

6. The Fund publishes the magazine MISTSEVE TA REGIONALNE SAMOVRYADUVANNYA UKRAINY.

II. Tasks and Avenues for the Operation of the Fund

7. The principal tasks of the Fund are:

- to provide scientific and methodological assistance in the process of the establishment and development of local and regional self-government;
- to assist organs of local and regional self-government in developing democratic forms and methods for their operation;
- to assist in the implementation of legal principles in the operation of local and regional self-government;
- to develop proposals and recommendations concerning improvements in the organization and operation of the organs of local and regional self-government, based on domestic and international experience.

8. In keeping with its tasks, the Fund:

- carries out specific sociological research of the experience of the operation of individual organs of local and regional self-government, and prepares proposals and recommendations on its improvement;
- develops draft special-purpose programs for the development of the systems of local and regional self-government;
- researches the issues of cooperation among the organs of local and regional self-government, and between central and local organs of the state executive power of Ukraine;
- assists in the development and improvement of information support for the organs of local and regional self-government, as well as the organs of local state executive power;
- develops draft laws, edicts of the president, and resolutions of the Cabinet of Ministers of Ukraine on the issues of the development of local and regional self-government, and effects the expert review of such drafts;
- develops draft normative acts of self-government organs and local organs of state executive power and methodological studies on the issues of organization and operation of the organs of local and regional self-government;

—organizes professional improvement of the employees and members of the organs of local and regional self-government, and of employees of the local state administration;

—engages in other activities which are in line with the goals and tasks of the Fund and do not run counter to the legislation of Ukraine in effect.

9. With a view to accomplishing its tasks, the Fund is entitled:

- to belong, as a corporate member, to various Ukrainian and international organizations;
- to establish, in keeping with the legislation of Ukraine, its sections, branches, and representative offices, as well as enterprises and offices, whose operations should be in line with its goals and tasks;
- to take part in the operation of scientific establishments, and of centers for the training and skill improvement of professionals;
- to exchange information, scientists, and self-government employees proper with similar organizations from foreign countries;
- to hold congresses, conferences, and symposiums (including international), seminars, "round tables," cycles of lectures, and other information events on its own, or together with other scientific or state organizations, and to take part in such events both in Ukraine and abroad;
- to publish, in Ukraine and beyond its borders, books, brochures, bulletins, booklets, instructional and methodological items, etc., which are devoted to domestic and foreign experience in local and regional self-government.

III. Structure and Organization of the Operation of the Fund

10. The Board of the Fund is the supreme leading organ of the Fund. The president of Ukraine confirms the list of persons serving on the Board of the Fund.

11. Meetings of the Board of the Fund are the main form of its work.

12. Meetings of the Board of the Fund are convened by the chairman of the Fund as necessary, but at least once a year; they have a quorum if no fewer than two-thirds of the total number of the members of the Board of the Fund are in attendance.

13. The Board of the Fund:

- reviews and confirms the main directions of the operation of the Fund, the structure and total number of the staff of the Fund, and outlays on its maintenance;

—on the suggestion of the chairman of the Fund, confirms in their positions, or relieves from their positions, deputy chairmen and the learned secretary of the Fund;

—establishes the control commission, the expert and consultant group of the Fund, and confirms their statutes and appoints their managers;

—confirms the editor in chief of the magazine of the Fund MISTSEVE TA REGIONALNE SAMOVRYADUVANNYA UKRAYINY in his position, and relieves him from his position.

14. The Board of the Fund makes decisions by a majority of the total composition of the Board.

15. The current operations of the Fund are performed by the Secretariat of the Board, which consists of the following:

—the chairman of the Fund;

—the deputy chairmen of the Fund;

—the learned secretary of the Fund;

—the chairman of the expert and consultant group;

—the chairman of the control commission;

—the editor in chief of the magazine of the Fund.

16. The Secretariat of the Board of the Fund:

—develops the main directions for the operations of the Fund, its structure, the total number of the staff, and outlays on its maintenance, and submits them for confirmation to the Board of the Fund;

—submits for consideration to the Board of the Fund proposals concerning the staffing of the control commission and the expert and consultant group, and their draft statutes;

—engages in scientific, methodological, financial, economic, and organizational activities on behalf of the Fund;

—confirms a statute concerning payment terms for work performed by the Fund;

—confirms the organizational chart, appoints staff employees of the Fund to, and relieves them from, their positions (except those who, pursuant to the statute, are appointed and relieved by the Board);

—confirms and relieves members of the editorial board of the magazine MISTSEVE TA REGIONALNE SAMOVRYADUVANNYA UKRAYINY;

—confirms an estimate of the outlays of the Fund.

17. The Secretariat of the Board is convened by the chairman of the Fund as necessary, but no less than once a month.

Decisions of the Secretariat are adopted by a simple majority of the votes of secretariat members, and are executed by orders of the chairman of the Fund.

18. The chairman of the Fund is appointed and relieved by the president of Ukraine.

19. The chairman of the Fund:

—organizes the operation of the Fund, convenes and chairs meetings of the Board and Secretariat of the Fund, and coordinates the activities of officials who are members of the Secretariat of the Fund;

—represents the Fund in its relations with state and public organs, enterprises (associations), establishments, and organizations;

—administers the accounts of the Fund at banking establishments;

—between meetings of the Board of the Fund, appoints and relieves the acting deputy chairmen, learned secretary of the Fund, heads of the control commission, the expert and consultant groups, and the editor in chief of the magazine MISTSEVE TA REGIONALNE SAMOVRYADUVANNYA UKRAYINY;

—issues orders and directives concerning the issues of Fund operations.

When the chairman of the Fund is absent, one of the deputy chairmen of the Fund discharges his responsibilities.

20. Deputy chairmen of the Fund work on issues in keeping with the division of responsibilities and assignments by the chairman of the Fund.

21. The learned secretary of the Fund organizes the operation of the staff of the Fund, ensures the preparation of material for consideration by the Board and the Secretariat of the Fund, is responsible for the status of document processing, and discharges other responsibilities assigned by the chairman of the Fund.

22. The expert and consultant group, consisting of highly qualified professionals in the area of law, economics, finance, management, sociology, and other sciences, operates under the Board of the Fund.

23. The control commission of the Fund:

—monitors compliance with the Statute of the Fund;

—monitors financial and economic operations of the Fund;

—verifies the timeliness and correctness of the processing of documents by the staff of the Fund and the review of appeals which the Fund receives.

Monies and Property of the Fund

24. The financial assets of the Fund are generated by way of:

—annual special-purpose proceeds from the budget;

—voluntary contributions by state and public organizations, and by citizens;

—other proceeds.

25. The Fund is the sole administrator of its monies.

26. All expenditures associated with the operation of the Fund are made with its monies.

27. Monies of the Fund which have not been used by the end of the year are not subject to forfeiture (with the exception of cases whereby the execution of the obligations of the Fund is levied upon its assets), and are used to finance undertakings, in keeping with the tasks and goals, in later years.

28. The Fund is liable for its obligations to the amount of all assets which it owns.

[Signed] Secretary of the Administration of the President of Ukraine M. Khomenko

Board Members Named

935D0036B Kiev HOLOS UKRAYINY in Ukrainian
10 Oct 92 p 2

[Text, "Board of the Fund for Assisting the Establishment and Development of Local and Regional Self-Government in Ukraine. Annex No. 2"]

[Text] Ihor Pylypovych **Butko**—chairman of the Fund, chief of the sector of local self-government of the Institute of State and Law of the Academy of Sciences of Ukraine, doctor of legal sciences, professor

Viktor Ivanovych **Volonets**—chief of the department for the issues of the operation of soviets and local self-government organs of the Secretariat of the Ukraine Supreme Soviet

Mykola Mykolayovych **Horyn**—chairman of the Lvov Oblast Soviet of People's Deputies

Igor Oleksiyovych **Hryniv**—people's deputy of Ukraine, member of the Ukraine Supreme Soviet Commission for the Issues of the Operation of the Soviets of People's Deputies and the Development of Local Self-Government

Mikhailo Vasylovych **Hryshko**—people's deputy of Ukraine, head of the Ukraine Supreme Soviet Commission for the Issues of the Operation of the Soviets of People's Deputies and the Development of Local Self-Government, candidate of economic sciences

Renold Kostyantynovych **Davydov**—senior research associate of the Institute of State and Law of the Academy of Sciences of Ukraine, candidate of legal sciences

Vasyl Vasylovych **Durdynets**—first deputy chairman of the Supreme Soviet of Ukraine

Oleksandr Petrovych **Zatolokin**—chief of the laboratory for sociological research of the state and law of the Institute of State and Law of the Academy of Sciences of Ukraine

Volodymyr Mykhaylovych **Kampo**—first deputy chairman of the Collegium for the Issues of Legal Policy of the State Duma of Ukraine

Vasyl Myronovych **Kornelyuk**—representative of the president of Ukraine in Ratnovskiy Rayon, Volyn Oblast

Mykola Ivanovych **Korniyenko**—deputy chief of the group of scientific consultants of the Legal and Scientific Support Service of the Secretariat of the Ukraine Supreme Soviet, candidate of legal sciences

Yevhen Petrovych **Kushnarov**—people's deputy of Ukraine, member of the Ukraine Supreme Soviet Commission for the Issues of the Operation of the Soviets of People's Deputies and the Development of Local Self-Government, chairman of the Kharkov City Soviet of People's Deputies

Vitaliy Hryhorovych **Melnychuk**—people's deputy of Ukraine, member of the Ukraine Supreme Soviet Commission for the Issues of the Operation of the Soviets of People's Deputies and the Development of Local Self-Government

Vasyl Heorhiyovych **Mukhin**—chairman of the Kirovograd City Soviet of People's Deputies

Vasyl Pavlovych **Nesterenko**—chairman of the Kiev City Soviet of People's Deputies, doctor of economic sciences, professor

Dmytro Kostyantynovych **Novytskyy**—chairman of the Feodosiya City Soviet of People's Deputies, Republic of Crimea

Viktor Hryhorovych **Oliynychenko**—chairman of the Menskiy Rayon Soviet of People's Deputies, Chernigov Oblast

Mark Pylypovych **Orzikh**—chief of the chair of state and administrative law at the Department of Law of the Odessa State University imeni I.I. Mechnikov, doctor of legal sciences, professor

Andriy Vasylovych **Pecherov**—chairman of the Ukraine Supreme Soviet Commission for the Issues of Planning, the Budget, Finance, and Prices

Mykola Oleksandrovych **Pukhtynskyy**—aide to the president of Ukraine, candidate of legal sciences

Vasyl Mykolayovych **Rudenko**—people's deputy of Ukraine, adviser to the president of Ukraine—chief of the Service for the Issues of Territories of the President of Ukraine

Anatoliy Oleksandrovych **Selivanov**—chairman of the Starokiyevskiy Rayon Soviet of People's Deputies of the City of Kiev, doctor of legal sciences, professor

Mykola Fedosovych Sellvon—chief of the legal department of the Secretariat of the Ukraine Cabinet of Ministers, candidate of legal sciences

Mykola Mykhaylovych Yakovyna—chairman of the Ivano-Frankovsk Oblast Soviet of People's Deputies

Volodymyr Matviyovych Yaroshkevych—chairman of the Rzhishchevskiy Rural Soviet, Kagarliitskiy Rayon, Kiev Oblast

[Signed] Secretary of the Administration of the President of Ukraine M. Khomenko

ECONOMIC AFFAIRS

National Bank Official on Leaving Ruble Zone

93UN0168B Kiev HOLOS UKRAYINY in Ukrainian
16 Oct 92 p 6

[Article by M. Syvulskyy, first deputy chairman of the board of the National Bank of Ukraine: "The Only Answer Is To Leave the Ruble Zone"]

[Text] On 9 October in Bishkek there was a meeting of heads of the states of the Commonwealth of Independent States at which was examined, together with other issues, a draft agreement on a unified monetary system and monetary credit and currency policy of the states which have preserved the ruble as their legal tender.

We did not and do not expect anything good from the signing of that agreement. The problem is that for a variety of reasons, including some of an objective nature (for example, the high cost of energy), the economy of Ukraine has on the whole lost its competitiveness within the bounds of the Commonwealth of Independent States. One proof of this is the fact that the level of average prices in Ukraine is higher than that of other states. If we were to remain in the ruble zone, we will be required to halt any independent steps in the sphere of budgetary, monetary, and credit policy and labor payment and, at the first step, subordinate the matter of emission and credit regulation to the Central Bank of the Russian Federation, and at the second—to an intergovernmental emissions bank that will perform regulation of the unified monetary system. This means that we will not be able to grant a single loan to enterprises of Ukraine during the years 1992-1993, and the consequence of this will be the ruin of a mass of enterprises of the metallurgical, coal, and other sectors of industry, in other words all those whose level of expenditures is higher than in the states of the Commonwealth of Independent States. I will not now analyze why this has happened. That is a separate issue. But everyone should understand that we had no alternatives: Signing this agreement on a unified monetary system would have led to extremely difficult consequences for the economy of Ukraine and to a further decline in an already extremely low standard of living, and it would have aggravated the social and political situation.

Here is a little about the general background against which the decision to introduce a national currency was adopted. At the same time I should say that we are leaving the ruble zone with a very heavy burden—an enormous foreign debt that was created as a consequence of the "flight" of money. The foremost reason for this consists of objective economic factors resulting from the high level of prices, the absence of an actively functioning currency market, and low interest rates, which are in fact several points lower than in other states of the ruble zone. As a consequence of this, during the third quarter of this year 447 billion rubles [R] "escaped" to Russia alone while only R57 billion were sent from Russia, and with each day the pace of the "flight" as been growing. Here, apparently, there is also a psychological factor at work: Fear of reform, the expectation of receiving profits as a result of the simple movement of money, etc. This problem must be resolved; it is extremely necessary to halt this wave of the "flight" of money. We have been unable to prohibit this administratively, although for a period of time instructions were in effect halting settlements, which we quickly canceled.

The appropriate states view all the money which has "flown" beyond the bounds of Ukraine as ruble intervention on our part, and all this money will be presented to Ukraine to be backed by goods. A corresponding agreement worth R7.8 billion has already been signed at the intergovernmental level with Latvia, for example. Lithuania, which as of 1 October introduced a national currency, has presented us with a demand worth more than R8 billion; but the most difficult situation is with Russia. We have already mentioned the enormous sum of money which has "escaped" there. We are setting great hopes on an agreement achieved recently concerning a procedure for determining sums of state indebtedness taking into account settlement of payments for actually performed deliveries as of the date of introduction of a Ukrainian monetary unit.

Now about the basic principles of the reform which awaits us. Given the availability of the different variants of conducting reform, we should choose the one which would be most economically realistic and expedient for our state. Everyone understands that we will not be entering the Western market in the immediate future, and as a result we will need to operate within the bounds of the market of the states of the former USSR. This determines the principle of the introduction of full convertibility of the Ukrainian karbovanets against the ruble and the coordination of currency policy with the corresponding policy of the other states.

The sole legal tender will be the Ukrainian karbovanets, and in cash circulation—the coupon of the National Bank of Ukraine. Payments in rubles on the territory of Ukraine will be prohibited. As of the moment of the performance of reform, all our loans will be granted only in Ukrainian karbovanetsy and they will not be able to leave the borders of Ukraine.

In practical terms this reform, as it is planned, will be performed in full accordance with procedure stipulated by the International Monetary Fund for states that are leaving a unified monetary space, without any harm to any other party. A reappraisal will be made of all balances on accounts, all debt obligations, and assets and liabilities of banks. We will also have to reappraise the balance sheets of enterprises. The reporting of all balance sheets of enterprises as of that moment will be carried out only in Ukrainian karbovantsy.

A key problem is that of settlements with states of the ruble zone. Having deprived ourselves of the right of emission of a foreign currency, we will have to perform settlements only according to principles accepting in world banking practice—within the bounds of actually received currency from another state. An agreement on a mechanism of such settlements was also signed on 3 October in Kiev. It stipulates the opening of a new correspondent account of the National Bank of Ukraine at the Central Bank of Russia, and all payments will be credited to this account. Rubles that are sent to our suppliers will be sold to banks according to mandatory procedure. In addition, inasmuch as conversion will be conducted at our RKTs [settlement center], the main burden of execution of currency operations and the risk connected with it will be borne by the National Bank of Ukraine. Another channel by which rubles will be sent to Ukraine is the correspondent accounts of commercial banks. For those banks that will perform settlements on correspondent accounts, there exists the risk of losses from foreign exchange fluctuations.

We would like very much for the channel of correspondent accounts of commercial banks to be the main one. Only in this event will settlements be performed according to a system necessary for normal economic relations of state. In essence, this is the standard mechanism of international settlements that is familiar to banks. The only peculiarity that is added is the fact that the currency will become property of the bank. This is a generally accepted phenomenon, but in our country until now currency has been property of the clients for which the appropriate accounts were opened. We very urgently needed to make a change in this point.

Questions of the performance of domestic settlements gain especially great significance. Payment orders, demand orders, letters of credit, bills of exchange, transfers, and checks will be used in noncash settlements of enterprises, institutions, and organizations within the bounds of Ukraine and in the countries of the ruble zone. Payment demands may be used within the bounds of Ukraine prior to the beginning of next year. Systems of settlements between banks of Ukraine and banks of other states of the ruble zone will be constructed in this fashion so that settlements with each of the states will be conducted apart from settlements of banks on the territory of Ukraine (intrastate settlements) and from settlements with other states (interstate settlements). Settlements between banks will be performed on the basis of banking orders (letters of advice).

It should be noted that we have applied certain measures recently to improve domestic settlements. They include, first and foremost, the removal of any restrictions on direct settlements between banks of Ukraine. Settlements of money are being made directly from one bank to another with subsequent reflection on the correspondent accounts at the settlement center of the National Bank of Ukraine. Thus the accusations of the deliberate delay of settlements in order to receive some kind of profit that have repeatedly been published on the pages of newspapers have no basis. However, nor can one say that everything here is fine. There are still many defects in the operations of banks with regard to the processing of documents, and there are many defects in the operations of the mail. All this significantly draws out the period of time for delivery of documents.

Introduction of a national currency is not only technological action. We, in essence, are moving to the status of a state which has its own fully controlled economy. The economic space of Ukraine will be separated off, and henceforth responsibility for the monetary and credit policy and for its quality will increase a hundredfold.

A more detailed discussion of monetary and credit policy must wait for a separate article. For the present I wish to direct your attention to one point that is very important for the performance of reform. Our deliveries of output to Russia during the third quarter comprised R93 billion, and this is only for those types of output that were delivered in accordance with interstate agreements. Actual deliveries were significantly higher. The money received during this quarter was R57 billion. This means that, again, the majority of commodities are being shipped beyond the bounds of Ukraine without previous payment and without guarantees of payment. If such a system of relations is preserved, the economic consequences for the state will be distressing. Given the low supply and high demand for the ruble, our only recourse is to balance this elevated demand resulting from non-receipt of rubles by lowering the rate of exchange of our own currency. The decline in the rate of exchange of the national currency will lead to a further increase in prices on the domestic market and to reinforcement of inflation. Thus, knowing the real situation, we must do everything possible to implement a policy that will ensure the receipt of rubles.

Legislative Commission Head on Economy

WS2710133092 Kiev KYIVSKA PRAVDA
in Ukrainian 9 Oct 92 p 1

[Interview with Vasyi I. Yevtukhov, head of the Supreme Council commission on industrial development, by P. Vasyanovich: "The Economy Should Be Freed From Politics;" first paragraph is KYIVSKA PRAVDA introduction]

[Text] V.I. Yevtukhov is considered one of the most likely candidates for the post of prime minister. He is a well-known Ukrainian economist, head of the Supreme

Council commission on the development of major industry, and president of the Ukrainian Union of Entrepreneurs.

[Vasyanovich] The question of a new government is on everybody's lips. What is your attitude toward the creation of a coalition government?

[Yevtukhov] I believe that we need not a coalition government, but a government of national accord. These are two different things. A coalition government requires representatives of various political parties, i.e. one portfolio goes to a representative of the "New Ukraine", the other to Rukh, the third one to the Socialist Party, etc. Under existing conditions, it will not work out. It will be like in the famous tale by Krylov: the Swan pulls in one direction, the Crawfish in the other, and the Pike somewhere else. People's intelligence and the ability to work should play the decisive role in forming a new Cabinet of Ministers. The national accord will lie in the fact that the head of the government comes up with his program, and the Supreme Council, which represents the Ukrainian people, either adopts it or not.

We will achieve a national accord when we will finally forget who was what in the past, and stop to write the history over. It was Svyatoslav [the Prince of Kiev Russ], I think, who first forced a chronicler to change the history, and we have continued to do so to this day. Anyway, the most important thing for us now is the future. We will achieve national accord when we finally get down to work, because everything is in our hands and no one else's.

[Vasyanovich] In what direction should the new government work? There is an opinion that we lag behind Russia, let alone other countries...

[Yevtukhov] I am categorically against the assertion that we are behind Russia. Behind what? Behind the fact that Russia is falling into an abyss, and we cannot follow after it? You have to understand that the market does not exist for its own sake. We need it as a means to improve people's lives, help them realize their potential. If we carry out privatization in the same "wild" way as in Russia, then the overwhelming majority of people will not live better. People have different opportunities for privatization—one can privatize a pen, and the other a factory. And there are millions of the first, and hundreds of the latter. So, who will benefit from the privatization? People?

On the other hand, we need to make industry work better. Will the plant work better if handed over into private hands? We need to create conditions that will compel people to work better, and it does not matter in whose hands the plant will be. Remember how all the transformations in the former Soviet Union began? They began when the country's leadership realized that the organization of work was not efficient. They tried out new methods in the framework of the centrally planned industry: cost-accounting, collective agreements, and the like. To no effect. The only way out was to change the

main thing—the right to own the means of production, that is to let people own the results of their work. Will it change anything when an enterprise merely goes from the state into private hands? In the market economy, competition increases work efficiency and, as a result, the state and its people grow rich. This is the reason why we need changes, and not just because the planned economy is bad and the market one is good.

We lag behind Austria, I agree, but not Russia.

[Vasyanovich] How do you think the privatization should be carried out?

[Yevtukhov] We should not jump into privatization because revolutionary intentions do not always bring good. The people's psychology should change. Remember there used to be slogans: "The current generation will live under communism"? And so they say today: "The current generation will live under the market." This generation lives in chaos and confusion; it should change to live with market relations. In my opinion, only the young, who have not yet developed a consumer attitude toward life, can work under new conditions. Now we are going to privatize trade, services, small enterprises in the processing industry, etc. Here the privatization will work. But we should be cautious with medium and large enterprises.

[Vasyanovich] So, in what direction should Ukraine's industry go?

[Yevtukhov] One should clearly understand: we will not be able to integrate with the Western market in the near future. That means that not only should we keep our links with the CIS countries, but even tighten them. It is very good that we managed to receive credits from the West. We should invest them in new technologies. It is right now, despite the crisis, that we should lay the base for our future economy. I am convinced that in the future, which is not very far away, the situation will change. Ukraine has a great scientific and industrial potential. In time, we will definitely enter Western markets, but to do so we have to survive today and avoid doing stupid things.

A new government will have to realize the main thing—it is not revolutionary slogans and programs that will lead us out of crisis, but measures encouraging industrial production. The last government, for instance, adopted an explicitly populist resolution setting taxes so high that they practically made production shrink. The impression was that the government did not help entrepreneurs to get off the ground, but kept them from doing so because even the most seasoned businessmen were not able to cope with the red tape. Financial settlements with Russia and other countries complicated things so much that entrepreneurs could not help but evade the law. The lack of a concept for Ukrainian industrial development brought about chaos in the production infrastructure.

So, the government should work, and work calmly, honestly, without populist tricks and, I repeat, without

creating any difficulties. We should distinguish politics from the economy, and free the latter from political pressure. And I am sure the situation will improve.

*** Danish Investment Projects, Problems Detailed**

934A0072A Copenhagen BERLINGSKE TIDENDE
in Danish 7 Oct 92 pp III-28

[Article by Morten Hansted: "Danes Have Found the Forgotten Country"]

[Text] *Telecom will be the first Danish business to invest in Ukraine. Danfoss suggests a concerted national effort to rebuild Ukraine—the forgotten country between East and West.*

Danfoss, Vestfrost, Cimbria, SAS...

These names are tossed around in Ukraine when people talk about Western visitors. And everybody looks West. It is Western business that will rebuild "Little Russia", an area that is larger than France, and which for many years has been called Russia's granary.

Grain, wheat, oats, sunflower seed, and wine are some of the many kinds of harvests in that fertile country, which today seems to offer only problems, including the Chernobyl catastrophe. They start immediately upon landing in Kiev, where Western businessmen and tourists have to pay \$174 for a second-class hotel room at the Intourist Hotel.

SAS to Kiev

SAS started to fly its Copenhagen-Kiev route in the middle of August, and the unspoken hope is that Danish businesses will follow the crowd from the rest of West Europe. With the crowd comes EC money, money that at present amounts to between 500 and 750 million kroner [DKr] for Ukraine in consultancy fees alone, and which the Danish company Ramboø Hannemann & Hojlund would like to share in. The Danish engineering company will have an agent in Kiev within a couple of months.

"We think there is enormous potential," says department head Søren Nysom who is pleased that the company has orders for DKr100 million for the CIS [Commonwealth of Independent States] area and the former East bloc countries.

Leading in the business arena today is the United States, which stands out with about 70 American-Ukrainian joint ventures, including ones with companies like Johnson & Johnson, the consulting firm Ernst & Young, and the ubiquitous soft drink companies, Pepsi Cola and Coca-Cola, who have announced their arrival.

Cellular Telephones

Americans and many others in the future can send a friendly greeting through the Danish telecommunications company, Telecom, which just now is finishing the

documentation for a new joint Western-Ukrainian cellular telephone network. Besides Denmark, telecommunications companies from Netherlands and Germany are participating, and it is expected that the new network will have as many as 100,000 subscribers in about four years—especially among Western companies.

"We are counting on being on the air by next April," according to Telegraph Inspector Carsten Jensby, who is among the movers and shakers of the project. The company, which is about to become incorporated, will have capital amounting to just under DKr100 million, and of that, about 17 percent will come from Danish partners.

The telephone project has come about with record speed—the agreement was entered into as late as in May—and is one of the few stories with a happy ending in a country where everything normally takes a long time. The slow development of free enterprise is one of the reasons why the Ukrainian prime minister was forced to resign, and the sluggishness is also the reason why golden Danish dreams of showcase agriculture in the Crimea in Southern Ukraine has ground to a complete halt.

The idea arose a few years ago at Overgaard, the estate at Hadsund, where the local steward seized on the obvious idea of transferring to the former Soviet area some of the expertise Danish agriculture had accumulated over the decades.

"We had counted on being able to start in the spring. Land had been located, but the local authorities are as slow as molasses to deal with," according to Stig Andersson, the steward at Overgaard, which is owned by Alex Brask Thomsen's family, the former Finansbank owner.

"Experience has shown that one needs to be there in person. The problem at present is that we receive no answers to the fax transmissions we send them."

The local Energy Department in Ukraine is to be a partner, according to the plan. The department has about 600,000 employees, and in order to ensure the food supply for the workers, one is trying, via the cooperative effort with the Danes, to minimize the enormous losses that are a characteristic of Ukrainian agriculture today.

Losses begin in the fields where heavy machinery prevents more than one quarter of the potato harvest from ever being taken out of the ground. Other harvested crops lie rotting in storage.

The Swedish company Tetra will do something about this last problem. Three years ago the company entered into an agreement with Soviet authorities to build a carton-making factory in Kiev. The factory, which was inaugurated a short time ago, can produce up to 1 billion cartons a year—cartons that can prevent milk from going

sour in poorly cleaned bottles, or that will ensure that no more milk has to be discarded for lack of packaging materials.

There is hope of reaching 10 percent of the factory's capacity next year, but progress will be slow because only a total of seven Ukrainian dairies have the necessary tapping facilities to handle paper cartons. It does not make it any easier that the fight between Ukraine and Russia has almost completely halted the export of paper pulp from Russia to Ukraine with the result that Tetra at present must import expensive raw materials from the West.

"We must pay for our raw materials in Western currency while at the same time we sell our packaging in local currency. There is no rhyme or reason for that," says Bryan Morris, the factory manager who comes from the United States.

In spite of the problems, development has been rapid for Tetra. A local sales organization—likewise led by Westerners—is now being created, and the goal is that in time the office in Kiev will cover the entire area from Odessa by the Caspian Sea up to White Russia and the Baltics. Russia is now covered from a local factory.

One intractable problem is the unpredictable supply of goods that causes employees among the 90 people working at Tetra-Kiev on short notice to ask for a couple of hours of leave in the middle of the day because suddenly there is the opportunity to buy milk somewhere in the city.

One positive fact is that the average wage is only DKr300. The intention is therefore that local personnel will take care of production and that the five instructors who were sent here from abroad can be sent home in about a year's time.

Ikea is also getting established in Kiev in part due to the low wage rate. There is a fairly well developed furniture industry in Ukraine, and the Swedes would like to improve it even more; that is, they will offer delivery of new machinery and in return they will accept deliveries of furniture to stock the furniture supermarkets in the West. So far Ikea has invested DKr80-90 million among 15 Ukrainian factories.

"Our contracts with the Ukrainians typically will last two to four years. Those are short-term agreements that will pay off quickly," buyer Peter Johansson says. Today he is the chief buyer covering Ukraine from Ikea's office in Budapest until the new headquarters in Kiev is ready—which according to the plans will be some time in November.

However, in spite of the many projects, nobody hides the fact that development still proceeds very slowly. Among others of this opinion is Jorgen Silberg, department head from Danfoss, who participated in a food exhibition in Kiev three weeks ago in an attempt to see if there was any interest in his product.

"It is clear, that this is a country with very great potential. The main problem, however, is that they lack hard currency. Everybody is interested in entering into joint-venture agreements, but when one asks how much capital they have to contribute, they have, as a rule, nothing more than a building."

Intermediate Trade

As far as I can see, the solution might be that we on the Danish side make an effort, maybe on the senior management level, to try to improve the intermediate trade. We try to arrange that they sell goods to us and ensure that the payment will be used to buy machinery rather than being used to buy color television sets and expensive cars.

The Ukrainians might export fertilizer, grain, wine, lavender (to be used in perfume), furniture, etc.

A systematic export agreement will at least make the wine manager at Copenhagen's Gobi supermarket happy. For months he has been waiting for deliveries of wine from the former Soviet Union because the present supplier cannot deliver.

Miners' Independent Trade Union on Threshold of Being Disbanded

93UN0119B Kiev GOLOS UKRAINY in Russian
9 Oct 92 p 3

[Article by Nikolay Nechiporenko, GOLOS UKRAINY correspondent, Dnepropetrovsk Oblast, under the "In Parties and Movements" rubric: "The 'Independents' Are Perishing Independently"]

[Text] The miners of the Western Donbass [Donetsk Coal Basin], who at one time formed the Miners' Independent Trade Union (NPG), are now ready to disband it. At least in their own fields, which will be discussed at conferences of local cells that should be held in the near future.

In order to understand the reasons, we will recollect the history of the formation of the "independents."

The July miners' strikes of three years ago made a stupefying impression on Soviet society of that time. Among the many demands, which also found understanding in other labor collectives, was this: We have had enough of the "puppet" trade unions that dance "to the tune of the authorities," and it is time to press them to really defend the interests of the working people. So, this was realized in the Western Donbass: Yesterday's strike committee leaders became the heads of trade union committees at the mines.

However, a little time passed, and everything was repeated all over again. For almost a year, and in some places even longer, first, the "liberated" strike committees were preserved, and they did not want to yield priority in the "sincere" struggle for the interests of the miners and social justice in general. But, second, the

familiar unfavorable criticism was also poured down on the new trade union leaders. It was said that they were in cahoots with the "general" directors, and the general directors were sharing prestigious passes, enticing tours and trips, automobiles, building materials, and the like, first of all not forgetting about themselves. So now the new trade union committees have also forgotten about those who worked in the pit faces, and they have fallen instead into the trap of behind-the-scenes mercenary abuses. One has to agree with this conclusion, but only in part, for at times the intricate rivalry between the newly arrived "leaders" for recognition among the miners has showed itself. A new idea emerged—probably not deprived of sense, and kind of a life-saving idea—to separate into a trade union exclusively of miners for hire, but the engineering-technical workers and the managers must unite separately. In autumn of the year before last, I had occasion to attend the second all-Union congress of miners, as it was called then. An impassioned discussion about the fate of the trade union took up almost all of the delegates' time. It was there, in fact, that the establishment of the Miners' Independent Trade Union was proclaimed.

In the Western Donbass, 5,500 miners joined the NPG; nevertheless, 42,000 remained in the "official" trade union of workers of the coal industry.

It is logical to think that, in practice, the unique "competition" is building a bridge to the future. The market economy, destatization, and privatization inevitably result in a dividing line between the interests of employers and employees.

But what is really happening now in the Western basin? The independent trade union, as is well known, did not sign the rate agreements with the government, but the official one did this. The miners are working, ignoring the call to "independent" strikes as a sign of protest. The question can be asked as to whether this is a defeat for the NPG or a failure of the miner collectives, but the circle is closing: The NPG, not having achieved anything worthwhile and failing to work up both ideas and proposals for tomorrow, is on the verge of a breakup.

Ukrainian-Siberian Investment Corporation Holds Press Conference

93UN0119C Kiev GOLOS UKRAINY in Russian
9 Oct 92 p 6

[Article by Nikolay Kosyy, GOLOS UKRAINY correspondent, Kharkov: "The Ministers Are Not Selling the State! But Then, Not Enough Siberian Oil Is Being Sold for Ukrainian Gas Stations"]

[Text] The other day, the Ukrainian-Siberian Investment Corporation invited Kharkov's local and accredited press to a private meeting.... This, probably, is the first case in our history when a press conference was arranged by a business firm. Although in the West, as is well known, meetings of journalists with businessmen are a rather normal and widespread occurrence. But that

is there. However, in our country, under the conditions of a semi-market market, precisely this kind of an initiative seemed "wild." We have gotten used to it: The place where the state ends and entrepreneurship begins, everything is shrouded in mystery. A complete fraud packed in the convenient formula, "commercial secret." But another business is also being conceived and exists—honorable and open, within the scope of reason, of course. And no matter how our brother journalist tried to expose his interlocutors, all efforts were in vain: The businessmen tried to show in a reasoned and convincing way that it is not compulsory to weave cunning schemes in their work and to "swindle" their own partners, and that it is enough for specialists to get together and to work productively.

In corroborating his words, Oleg Taranov, the president of Uksibinkor [Ukrainian-Siberian Investment Corporation], recalled that just a little more than three months have passed since the founding of the corporation, and that an information-communications center, a precious metals plant, a stock exchange, a trading house, a bank, and other commercial structures have been established within its framework during this time. There are no more than two dozen workers on the corporate staff, and they control hundreds of millions, it is true; but no one has been rolling in banknotes yet. For many of them, it is not the money itself that is important, but the process of accumulating it. Although it cannot be said that the workers of the corporation are living from hand to mouth: Our people receive enough so that they do not want to earn extra on the side, said O. Taranov.

"The experience of the last several years has shown that we cannot establish a market system with stock exchanges alone. The activity of stock exchanges is rather restricted and depends on many objective and subjective factors. Therefore, the idea arose to create an investment corporation that could satisfy the needs and demands of all stockholders. And first and foremost, enterprises both as state and nonstate forms of property, emphasized the president of Uksibinkor, explaining the purposes for the creation of the joint stock company.

One of the main directions of the activity of the corporation, as has already been said, is the creation of a telecommunications center. If the plans of the corporation do not miss the mark (and this has not happened yet), we will be able in the next few years, and the stockholders even sooner, to use the telephone, as is done in the whole world, to get in touch in a few minutes with a partner from America, and to find out how a female friend from Mexico, for example, is feeling. Fantasy? Yes, but it will become a reality owing to the efforts of the corporation and the Khartron plant.

The Ukrainian-Siberian precious metals plant will also "get on its feet" successfully: its director demonstrated for the press the plant's first product—silver that is obtained by means of processing so-called industrial wastes. It is difficult to overestimate its significance, when the industry of Ukraine is "gasping for breath"

because of a shortage of silver, gold, and platinum. Incidentally, next year the National Bank of Ukraine will receive 200 tonnes of silver, a tonne of gold, and just as much platinum from this plant.

Siberian oil was also discussed at the news conference, inasmuch as the corporation is Ukrainian-Siberian. Replying to a question on the capability of the corporation to supply Ukraine with oil products, O. Taranov made a statement that cannot be called anything but sensational. This year, we were prepared to deliver 10 million tonnes of oil to Ukraine, he said. That would constitute almost a half of the oil requirement of our republic. Selling oil at 2,000 rubles [R] per tonne, the side asked us to sell them industrial commodities at free market prices for a sum amounting to 70 percent of the cost of the oil. I emphasize that it was not a question of food products or consumer products that are especially in short supply. They were talking only about heavy industry articles and equipment for the oil trade that the Ukrainians traditionally supplied the Siberians. But, despite all of the benefits and promise, an agreement was not reached. Making the rounds of the entire Cabinet of Ministers, I still could not convince the deputy prime ministers and the state ministers that Ukraine would only gain and make a profit from such an agreement. I was asked in one of the offices: "Are you a businessman or a patriot?" "But how can this be differentiated?" I inquired of the honorable official. "Well, this way—if you are a businessman, then take your oil to the Baltics; they will pay you more there. But if you are a patriot, then do not export commodities from Ukraine...." I can only guess the reasons for such an answer. But I will draw other conclusions: We do not intend to sell Ukraine; we are only trying to make it rich.

Officials Describe Work Situation at Chernobyl Plant

AU2810175892 Kiev HOLOS UKRAYINY in Ukrainian
23 Oct 92 p 6

[Interview with Mykola Sorokin and Heorhiy Kopchynskyy, two officials from the Chernobyl Atomic Electric

Power Plant, by UKRINFORM correspondent Valentyn Vernodubenko: "The Latest News From the Chernobyl Atomic Electric Power Plant"]

[Text] It was already reported by the press, radio, and television that on 16 October the reactor of the third power unit started operating at the Chernobyl Atomic Electric Power Plant. What is the situation today? On 22 October, a UKRINFORM correspondent turned to Mykola Sorokin, general director of the production association "Chernobyl Atomic Electric Power Plant." This is what he said:

[Sorokin] After the reactor of the third power unit was put into operation at 0230 on 16 October, an event about which newspapers wrote promptly and correctly, the starting up and adjustment work at the plant was continued in accordance with the technology. At 1843 on 20 October, the third power unit was connected to the network. Presently, turbine No. 5 is in operation, and preparations are under way for starting up turbine No. 6.

[Vernodubenko] Taking into account the special interest that public, primarily, the Kievans, show for everything that has to do with the Chernobyl Atomic Electric Power Plant and its safe operation, I also turned to Heorhiy Kopchynskyy, deputy chairman of the State Atomic Supervision Committee.

[Kopchynskyy] People tend to confuse the starting up of a reactor with the starting up of a power unit. Not everybody understands what putting a reactor into operation involves and what powering up a unit or the beginning of production of electric power mean. Well, I want to officially state that on 16 October the reactor of the third power unit of the Chernobyl Atomic Electric Power Plant was brought up to the minimal level of capacity, that is to say, it began to operate. On 20 October, the power unit was connected to the "Kyyivenerho" network. Nothing unusual happened during the startup and adjustment work. A normal procedure was carried out.

[Vernodubenko] The authors of these commentaries promised to provide efficient information for the press and public on the course of further work.

BELARUS

Speculation Urged to Be Considered Criminal Activity

93JUN0175A Minsk SOVETSKAYA BERLORUSSIYA
in Russian 10 Oct 92 p 2

[Article by E. Sarkisova: "Speculation. There Is No Such Concept in Criminal Law but Honest People Are Getting Hurt"]

[Text] About two years ago I wandered into a cooperative store and saw linen products on the counter from Orshan Linen Combine. At that time, when state prices were still in force, they were priced very high. State stores no longer had such goods in free trade. But at that time Article 151 of the Criminal Code of the republic stipulating liability for speculation was still in force. In a conversation with young salesmen at the cooperative it turned out that they did not consider speculation to be a crime inasmuch as purchase of goods and their resale at higher prices constitutes a form of business, which purportedly can only benefit the population.

At that time there was still a sufficiently well-organized state trade network while prices on most of the goods were fixed and there was no need to talk about the useful nature of speculation. The loss caused to the citizens by speculators was clearly evident.

How about at present, however? Free prices have been established for many products of state industrial enterprises, the trade-purchasing activity of cooperatives developed on a broad scale, and many citizens are acquiring goods at high and often highly inflated prices.

In April 1992 the legal concept of speculation as a crime ceased to exist. Article 151 of the Criminal Code of the Belarus Republic acquired a new version. Now it provides for liability for unregistered trading or other entrepreneurial activity. Law enforcement personnel at first sighed with relief. They did not have to concern themselves with constantly searching for speculators and providing irrefutable proof in each case showing purchases of goods for the purpose of their subsequent resale.

Speculation therefore got a green light. Now it is regarded as a useful entrepreneurial activity.

But is this phenomenon that useful and harmless? It is not necessary to go far for an answer. It is sufficient to look at any cooperative kiosk or market. There is an abundance of goods produced by our republic industry there which were designated for sale by state retail trade organizations. At the same time they are not to be found in the state stores. People in a desperate situation are compelled to purchase goods from speculators overpaying vast sums, thereby helping the dishonest dealers to prosper while further emptying their already barren consumer basket. After all, these vast overpayments are not even subjected to any sort of indexation.

We are rationed one kilogram of sugar a month not because it is not available in the state trade funds, but because for many of those who have access to it it is more advantageous to sell the sweet product at a higher price.

Not one car driver is able at present to purchase a auto part at the state price because all of them float to the market.

What is taking place with medicines? Almost all the medicines of which there is a shortage are on the market. Medicines move there from pharmacies, clinics, and other medical establishments. There is no doubt that relatives will pay any sum to obtain what is needed for a seriously ill or dying person.

I personally have been on a waiting list to purchase a bookshelf since 1989. In that time such furniture went up from 1,000 to 20,000. Even for that amount, however, it is impossible to purchase it since speculators have taken over in that area as well. They literally occupied all entrances and exits at the store, plastering themselves with signs showing who is selling what. I inquired about the cost of that wall shelving I have been trying to purchase for three years. It turned out that the speculator cost would be 70,000.

The list of goods the resale of which is enriching the dealers is endless: vodka, wines, tobacco, canned goods, and hulled and rolled products.

Speculators dictate prices, they determine demand and supply. A rise in free prices for state goods is also taking place with consideration of prices set by the speculators.

In such a situation it is difficult and even impossible to assert that speculation is a useful phenomenon for society. It benefits only a handful of people who will form the basis of a new class in the near future. How did it turn out that speculation stopped being a criminally punishable offense? Maybe that was demanded by the people? Perhaps the legal community had its word based on public opinion? I am afraid that none of that is true. It is simply that the legislators, peering ahead at the distant market future and, probably, taking into account legislation of foreign countries, decided to part with that criminal concept and liquidated Article 151 of the Criminal Code of the Belarus Republic at the same time destroying the hopes of very many honest people that, despite the difficulties of the times, we still have reliable means capable of ensuring law and order in the republic without giving free rein to the entrepreneurial mafia that has engulfed us.

At a session of the Presidium of the Council of Ministers of the Belarus Republic on 8 September 1992 the problem concerning the mafia in the republic was heard in full for the first time. But mafia and speculation are twin sisters and it is possible to ensure an active struggle against them only on the basis of criminal law.

In my opinion repeal of criminal sanctions for speculation was premature. No account was apparently taken of

the fact that new market relations in our case are at an embryonic stage and it is specifically during such a period, which may be called extraordinary, that strong and forceful laws are needed which are capable of restraining various distortions of the reform which lead to its nonacceptance by public opinion.

One would like to hope that deputies of the Supreme Council will return to an examination of the question on speculation at the forthcoming session and will reinstate this criminal clause as part of the Criminal Code. Specialists-lawyers are ready to make necessary corrections in the formulation prompted by the demands of life. The draft of the new Criminal Code of the Belarus Republic, by the way, preserves the clause on speculation and if it is adopted in that form, will the respite given the speculators by the legislators this spring appear to be too long?

It seems that both the repeal of the existing Criminal Code norm and the introduction of a new one must be substantiated socially and scientifically. Criminological conclusions based on a profound study of public opinion and legal practice must serve as the criteria for determining the feasibility of such decisions.

MOLDOVA

Moldovan, Gagauz Leaders for Coexistence

93UN01364 Moscow NEZAVISIMAYA GAZETA
in Russian 8 Oct 92 p 3

[Article by Aleksandr Tago under the "Moldova" rubric: "Principles of Peaceful Coexistence of Gagauzia and Moldova (Gagauz Leaders Hope That They Will Be Considered by the Moldovan Parliament)"]

[Text] Moldovan President Mircea Snegur and Prime Minister Andrei Sangheli recently have been establishing contacts with the leaders of the Dniester republic and the Gagauz republic doing it before their parliament members come back from their vacations and also without much publicity. The main purpose of the contacts is to prepare the ground to allow them to decide on how to determine the status of Moldova's eastern and southern areas or, in other words, of the Dniester republic and Gagauzia. The Gagauz republic, not recognized by official Chisinau, was proclaimed on 19 August 1990 and it is the home of 150,000 Gagauz, apart from whom it also embraced other people from the southern areas of Moldova such as Moldovans and Bulgarians.

The Gagauz, who are related to the Turkic people, moved from Bulgaria to the south of Bessarabia several centuries ago. The Russian emperor gave the Gagauz settlers vacant lands in the Budzhak plains. Unlike other Turkic nations, the Gagauz are not Moslems, they adhere to Christianity, and use the Cyrillic alphabet. In spite of the fact that the Moldovan parliament declared the proclamation of the Gagauz republic an illegal act contradicting the Moldovan Constitution, the Gagauz

formed their own Supreme Soviet, created their government, and elected their president.

During the last year, these structures on several occasions sent to the Moldovan parliament their draft for creating "the self-governed territory of Gagauzia." The draft outlines a change in the government structure of Moldova based on the principles of federalization, without any encroachment on the unity and inseparability of Moldova. The Gagauz suggest that the federation should include Moldova, the Dniester republic, and Gagauzia. The refusal of the Moldovan parliament to discuss this proposal resulted in Gagauzia starting to lean towards severing its links with Moldova.

The 26 August session of the Gagauz Supreme Soviet decided to suspend payments into the budget of Moldova. The Gagauz Supreme Soviet approved its own budget for the second half of 1992. It is preparing an act that should transfer all enterprises and organizations functioning on Gagauzia territory under its own jurisdiction. Quite recently, the personnel of the Gagauz republic internal affairs administration pledged their allegiance to the Gagauz people. The actions of the Gagauz leaders, who aim to separate the self-proclaimed republic from Moldova, forced the Chisinau leaders to seek a compromise.

Mircea Snegur had two meetings with the "local administration representatives from the southern areas of Moldova" during which they tried to establish some principles allowing peaceful coexistence of Moldova and Gagauzia. "There can be no talk of any federalization of Moldova from either the historical or political point of view," said Mircea Snegur at the meeting. A task force was set up for the purpose of finding a compromise between the Moldovan and the Gagauz sides. As Petr Zavrichko, Gagauz state administration for foreign relations chairman, told to the NEZAVISIMAYA GAZETA correspondent in an interview, the task force had to prepare proposals from both sides and then offer them for discussion during the next meeting of the Moldova and Gagauzia leaders.

However, as early as 5 November, Gagauz republic President Stepen Topal signed and made public a document on the basic principles of further coexistence between the Republic of Moldova and the Gagauz republic. Its preamble states that Gagauzia is a part of Moldova, which as a UN member is a guarantor of Gagauz sovereignty within the framework of the agreed powers. The NEZAVISIMAYA GAZETA correspondent was told in the Gagauz Supreme Soviet that self-administration in the republic will be carried out on the basis of its own constitution and in accordance with the powers rendered to it by the constitution of Moldova.

The principles of further coexistence of Gagauzia and Moldova suggest that the highest organs of state power will deal with legislative issues, organization and conduction of elections, appointment and dismissal of procurators and judges, granting citizenship, approval and implementation of the Gagauzia budget, ratification of Moldovan laws on Gagauz territory, as well as legislative initiatives in the Moldovan parliament.

According to political commentators, the Gagauz leaders decided that their time has come.

KAZAKHSTAN

Deputy on Kazakh-Chechen Tension

93USD064A Moscow ROSSIYSKAYA GAZETA
in Russian 23 Oct 92 p 7

[Interview with Kazakh people's deputy Vitaliy Voronov by ROSSIYSKAYA GAZETA correspondent Sergey Skorokhodov; place and date not given: "In Ovechly Klyuch, the Sparks Are Not Now Extinguished"]

[Text] The respective presses of Russia and Kazakhstan have been fairly contradictory in their assessments of the tragedy that took place in Eastern Kazakhstan. Vitaliy Voronov, a people's deputy of the republic, travelled to the scene of the conflict in Ust'-Kamenogorsk with a group of parliamentarians, which returned to Alma-Ata yesterday.

[Skorokhodov] So—what was it that happened in Ust'-Kamenogorsk?

[Voronov] Simple—from the point of view of the criminal code—murder. Brutal murder. With the infliction of many stab wounds. The identities of all the criminals have been established. At this point, three are being held: two in Altay Kray, and one in Omsk. A group of witnesses—eyewitnesses—has also been established.

[Skorokhodov] In that case, what prompted the Kazakhs to storm the village of Ovechly Klyuch?

[Voronov] I do not think that the nationalistic aspect played a decisive role here. They lived side by side—both the criminals and the victims—in the same residence hall. They had common interests, connected with commerce. They would split a bottle together.

Probably, someone took advantage of the murder itself. Maybe there were specific forces that brought the people out onto Ushanov Square. We do hold a certain attitude toward people native to the Caucasus. For that reason, the rally went out of control very quickly—the rally that had taken shape already the morning after the murder. The demand of the ralliers was a single one: to evict the Chechens.

All of the mass media, including those in Russia, confirm that a special session was convened in order to evict the Chechens. That is not so. The session was working when those events took place. It interrupted its work, and the deputies went out to the place and became convinced that to fail to meet the demands of the ralliers was impossible.

The several thousand young Kazakhs who went to Ovechly Klyuch, a settlement located six km from the city, would have crushed those 45 Special Missions Militia Detachment troops which stood between them and the chain of the settlement's Chechens, armed with firearms, grenades, and Molotov cocktails, who were making a stand in defense of their families.

The troops came later. And then that made it possible to gain some time, to lead the crowd away....

[Skorokhodov] Will the resolution taken by the session, on the eviction of the Chechens from the oblast, be exploited?

[Voronov] The resolution was abrogated yesterday.

ROSSIYSKAYA GAZETA information. Only about 800 Chechens live in Eastern Kazakhstan Oblast. In the settlement of Ovechly Klyuch, there are 83 people. Most of the population is Russian. There are also several Kazakh families, who at the decisive moment were on the side of the Chechens; they said that they would defend themselves together with them.

[Skorokhodov] Would bloodshed have been possible?

[Voronov] Absolutely. If the resolution had not been found to calm the Kazakh youth. Because the Chechens were prepared for extremes. They had already tied white bandages around their foreheads.... That was all.

The local political authorities approached the question fairly subtly. The session took the resolution, not on the eviction of the Chechens, but on the creation of a commission dealing with their organized resettlement.

[Skorokhodov] What was the commission able to do in those two days?

[Voronov] Seven Chechen families moved out of the settlement. No one was moved out by force. A sizable amount of money was allotted those who left.

[Skorokhodov] However, that does not make the resolution taken by the commission right....

[Voronov] Of course; it contradicts both the General Declaration of Human Rights and many other international acts. But if it had not been, and if blood had flowed, then no law would have worked there.

[Skorokhodov] How did the residents of the settlement view the session's decision?

[Voronov] The Chechens are now loyally inclined toward the authorities. They made the first conciliatory step and voluntarily gave up their weapons. That allowed us more actively to conduct negotiations with the Kazakh youth. The more so since the criminals were apprehended quickly, and our organs of internal affairs and the Russians' are cooperating in an outstanding manner.

All of this taken together allowed us to go into the session with the question on the abrogation of the illegal resolution on the eviction of the Chechens. And such a resolution was in fact taken.

Of course, this people has suffered an insult.

At the same time, the flareup of passions in Ust'-Kamenogorsk has barely died down. Now every Chechen

within the borders of the town has become the object of special attention. And it is most probable, believes V. Voronov, that the Chechen families will be compelled to leave this region. And at this point, a special routine remains in the town; street demonstrations and processions are forbidden, and a "dry law" is in effect.

Kazakh-Chechen Incident at Ust-Kamenogorsk Reviewed

93US0070A Moscow KOMSOMOLSKAYA PRAVDA
in Russian 24 Oct 92 p 3

[Article by V. Komarov, correspondent: "Killings at Ust-Kamenogorsk Shock Kazakhstan and Russia: We Report on the Details"]

[Text] The ill-starred nine-story bulk of the concrete reinforcement plant stands almost in the very center of Ust-Kamenogorsk on a busy, densely populated site. It is precisely for that reason that the entire city quite quickly finds out about the drunken brawls which take place in this building from time to time. That was the case a month ago when in the heat of a desperate struggle among its inhabitants there was the resounding explosion of a grenade, and a person was killed.

And that was the case this time too. The news of the tragedy that had taken place in one of the ramshackle rooms oozed out onto the streets during the morning hours of 15 October. Already by noontime a meeting of dissatisfied Kazakh youths was boiling up on Ushakov Square. The four 18-year-old lads who had been killed were fellow Kazakhs from the southern rayons of the oblast bordering on China.

The brawl began around midnight. Its initial causes have hardly been established, but the sharply loud banging of doors, the crashing sound of furniture being smashed, along with curses and shouts, were heard—of course—immediately and by almost everybody on that floor. But no one telephoned the police. And by morning the alarming sounds had completely died down.

A dreadful and unjustified deed was revealed with the light of dawn—four dead bodies with multiple cuts and stab wounds. According to the—of course—unofficial information that leaked out, the persons who were killed had had their throats cut and their eyes cut out.

Of course, one can understand how such terrible and ghastly details could be spread by word of mouth. But be that as it may, this first, rather brief meeting was still quite peaceful. To be sure, there was no limit to the indignation expressed, to the loud demands to find the criminals, try them, and sentence them as soon as possible. Nevertheless, no thoughtless actions ensued. People's deputies, the chairman of the City Soviet, and the chief of the oblast's UVD [Internal Affairs Administration], by promising to do everything possible and to inform people immediately, calmed the youths down and persuaded them to disperse. It seemed that the crisis had passed.

But something annoying happened later. Nurlan Smagulov, the chief of police, who in the afternoon had been persuading the youths at the meeting to "cool it", delivered a special report that evening on the oblast-level television. According to the general opinion, he made at least several mistakes here. In the first place, he characterized the killings as a bestial, unheard-of, rough meeting-out of justice. In the second place, in the heat of the moment he raised the national issue, when he emphasized that the Kazakh youths had been killed by some persons of Chechen nationality.

On the following day not just 2,000 but fully 3,000 persons gathered together on that same Ushakov Square. And it was then that the following opinion was expressed: All Chechens should be expelled from the city within 24 hours. It was also at that time that the harsh shout of "Beat 'em up!" came to the surface.

The meeting surged from the square in the direction of the "Chechen Quarter."

By 3 p.m. a column was approaching the settlement, which was being guarded by a small police detachment. If the column had so desired, it could have easily crushed this detachment, but the oblast leaders and people's deputies managed to arrive in time. Talks began with those persons who had blockaded the settlement and those who were prepared to defend it. And each side had weapons.

The oblast leaders promised safety for the Chechens and assured the dense mass of dissatisfied youths that all their demands would be met. And inasmuch as a session was taking place in Ust-Kamenogorsk on that very day, the youths sent their own representatives to see the deputies and then began to await the result.

What could it be under such circumstances? Despite the resistance of certain speakers, the session adopted a five-point decision. Here they are:

- organize meetings and explanatory work among the relatives of those persons who were killed,
- organize the funerals and burial of those who perished,,
- take immediate measures to seek out, arrest, and try the criminals in an open court trial to be held in Ust-Kamenogorsk,
- disarm the Chechens,
- carry out an organized exit of the Chechens from this oblast....

It was there too—at the session—that the following appeal from the elders of the Chechen diaspora was read out: "We ask the Kazakh people to accept our sincere condolences with respect to their bestially killed sons and our brother-Muslims. Despite the fact that these criminals arrived here—and we do not even know whether or not they are of our nationality—we deeply

feel our guilt toward you, and we swear that we will provide you with any and all assistance in catching and turning over these criminals...."

What else could be desired? The crowd dispersed, and the quieted-down but still-frightened city waited until 17 October—the day of the funeral meeting and the sending of the bodies of those who had perished to the native auls [Central Asia or Caucasian villages].

...After the funeral meeting was declared to be at an end, and the coffins containing the bodies of the slain youths had been sent on their way, a dangerous fermentation began again in the crowd. Again there were shouts that they should proceed to Ovechiy Klyuch [the Chechen quarter] and beat up the Chechens. And everything began all over again: the seizure of cars and buses along the road to the Chechen settlement, as well as threats and accusations aimed at its inhabitants. To be sure, now the column was met at the edge of the Chechen "quarter" by soldiers of the internal-affairs troops, as well as members of the OMON [general-purpose military detachment] and special troops, who had been brought in to Ust-Kamenogorsk during the previous night from Alma-Ata, Karaganda, and Pavlodar....

On the morning of 19 October news spread through the city that two persons suspected of the killings had been brought at night from the Altay Kray of the Russian Federation to Ust-Kamenogorsk; they had been taken under guard on the territory of a friendly country. But—according to a report from the UVD [Internal Affairs Administration]—the other three persons who lived in the room next to the one occupied by the slain youths disappeared without a trace on the night of the tragedy and remained at liberty.

On the morning of that same 19 October several high officials from Alma-Ata and some Ust-Kamenogorsk deputies, accompanied by special troops arrived at the Chechen settlement in order to confiscate weapons and enter into talks with the inhabitants. With the deadline of 40 minutes over, during which they had been allowed to think about matters, the elders brought out the following weapons themselves: one grenade-launcher, two short-barreled rifles, bottles containing inflammable mixtures, several air rifles, knives, 25 sharpened stakes and concrete-reinforcement bars. After this, the persons in command deemed a search unfeasible.

On that very same day a so-called special regime or system was instituted in East Kazakhstan Oblast. Under this system assemblies, political meetings, and demonstrations were banned; a "dry law" was introduced; the police were accorded the right to inspect baggage and motor vehicles....and to check documents in places where people congregate.

Along the highways leading to Ust-Kamenogorsk reinforced GAI [State Motor-Vehicle Inspectorates] posts were set up for the purpose of restricting egress into the oblast of "certain categories of citizens," or—to put it

more simply—those who were heading in the direction of helping the interested parties.

This arrangement or system had been adopted by an extraordinary, closed session of the oblast Soviet. It also abrogated the fifth point of its own previous decision—the one regarding the expulsion and resettlement of the Chechens.

A new flare-up of disturbances occurred on 22 October. At 3 p.m. 200-300 persons gathered on Lenin Square in order to mark the seventh day since the time when their fellow-countrymen were killed. "Deceivers, where are your promises?" they shouted at the House of Soviets, having in mind the well-known lack of follow-up by the deputies and the leadership. Within half an hour the crowd was dispersed by the police and the *druzhinniki* [volunteer guards].

An Update

In order to confuse their pursuers and avoid revenge, the criminals decided to cross the border and hide in Russia. The police succeeded in ascertaining certain facts: All five Chechens had gotten as far as the Lokot Station in Altay Kray.

A coded telegram which arrived in Barnaul from Ust-Kamenogorsk briefly described the distinguishing marks of those persons suspected of the killings. Although nowadays the police of neighboring cities serve different states, this is—of course—a matter of mutual assistance and cooperation. In Barnaul the team of East Kazakhstanian investigators was rendered all necessary aid. They checked out the connections of the suspects, their acquaintances, appearances, secret addresses, and "ras-berries". Cast into disturbed waters, the net did not remain empty for long. Soon two of the suspects—A. (born in 1959) and G. (born in 1952) were arrested and on their way to Ust-Kamenogorsk. According to one version, these two were the principal actors in the drama which took place. The operation of their arrest took place without any extra noise or fuss in a populated point not far from Barnaul. The operatives categorically refused to make any or all comments. Any publicity would put witnesses in mortal danger, since—of course—three of the suspects are still in flight. "Effective measures are being taken with regard to this investigation." That statement was all that we could "squeeze out" of A. Troshchinskiy.

[Signed] S. KUZMIN, correspondent
Barnaul

Energy Program Plans Detailed

934A0133A Alma-Ata KAZAKHSTANSKAYA PRAVDA
in Russian 2 Sep 92 p 1

[Article by Bulat Yerezhepov, correspondent: "Coal, Sun, Wind,... the Atom? Between the Lines of the Energy Program"]

[Text] The "Kazenergosetproyekt" Scientific Research Institute has completed working out an Energy Program for the Kustanay-Turgay region looking forward to the year 2010. It details with sufficient precision just what specific means are to be used to extricate the energy system of this extremely large, important economic region from its profound crisis. Strictly speaking, there were programs—good and bad ones—before as well. But electric-power engineering within the unified and integrated USSR was one thing, and it is quite another matter under the conditions of the hastily and carelessly assembled community which we now call the CIS. Here each owner of a separate, sovereign room is compelled to think primarily of his own interests.

The electric-power stations of the Kustanay-Turgay region produce less than 10 percent of the electric power required; the remaining amount must be purchased, for the most part, from Russia. The latter must be paid by our republic's electric-power company, but this company cannot pay—there is no money. Because, in turn, this republic's enterprises have not been transferring funds to the electric-power producers. It is dangerous to "play games" with a foreign partner. For example, in July "Uraltransgaz" warned the Kustanay people that it would stop deliveries of natural gas in connection with a systematic failure to pay amounts receivable. An order had to be given to shut down operations at the oblast center's only TETs (heat and electric-power station) and its boilers.

Unless measures are taken, the future prospects are even gloomier. Kazakhstan's tight energy balance, which has evolved due to the slow pace of development at the Ekibastuz GRES-2 [state regional electric-power station] and the South Kazakhstan GRES, will lead to an inevitable cutback in the amount of electricity allocated and released to this region. This means that the development of new enterprises there will be substantially delayed, if not brought to a halt altogether; and the matter of electric heating for housing in the villages—a matter on which rural people have placed such hopes—will also remain unresolved. There is more. Periodic power outages and cutoffs in entire rayons, which have already been happening for several years already, could become much more frequent.

There is probably not much sense in rehashing the causes of the situation which has evolved here. The numerous hydroelectric power stations and other energy construction projects of the century—about which so much was spoken in past years—so reassured us by their number and capacity that we somehow forgot that electric-power engineering is not simply the basic sector of the national economy, but also its heart and must have constant and high-priority development. In Kustanay this calmness to the point of complacency is quite well demonstrated in the history of the TETs-2.

According to the initial plans, its first phase was supposed to have been providing heat for the apartments of Kustanay's residents for two years now; but, as of today,

construction has not yet begun in earnest. In these blessed times, when discussions and political meetings are much in fashion, the plan for the TETs-2 project has become the victim of incompetent and excessively emotional discussion at the national and oblast levels: Should such stations be built or not? The fighters for purity of their native land frightened their fellow-countrymen with visions of innumerable disasters which would befall the city from a TETs operating on coal. The electric-power people tried to convince them that the technology of the plan was sufficiently safe ecologically, whereas the danger of an imminent energy crisis has been underestimated. A group of enthusiasts shot a documentary film especially for the deputies. It showed the Troitskaya GRES, which operates on Tver fuel: The mountains of ashes and clouds of dust were, undoubtedly, impressive. No one wanted to listen to the specialists who tried to convince them that comparing the postwar Troitskaya GRES with the latest project was just like comparing a steam locomotive to an electric one. The "Greens" won out. The gorsovet session turned down the plan for building the TETs-2 operating on Ekibastuz coal.

Today the need to erect a new TETs has finally been recognized, and construction work on this project has begun. Now—at present-day prices—this will cost tenfold what it would have cost previously. Furthermore, the suburban sovkhos on whose lands the TETs was planned has been quite coolly indifferent to the city's problems, judging by everything we hear. And it started to erect houses on this site. Now these houses have to be taken apart, and new apartments have to be set up in a different place for the persons involved. And no one—as is, alas, quite commonplace here in our country—has suffered for this stupid bungling. High-powered contractors were brought in for this TETs; specialists arrived here even from China. But so far the funds available have been used very slowly.

The phenomenon of general complacency with regard to problems continues to persist, unfortunately, even today. Kustanay's electric-power people serve an agricultural region in which the sovkhoses and kolkhoses enjoy privileged prices. The difference between them and the true costs has to be borne by the electric-power people, and the losses resulting from that will amount to approximately two million rubles this year. Of course, the rural areas must be aided. But comparatively cheaply obtained electric power merely provides some economic managers with incentives to squander and be wasteful.

The program worked out by the Alma-Ata scientists and planners keys on providing this region with its own energy sources. Together with the Kustanay TETs-2, it is a matter of erecting the Kusmurun GRES and the Turgay Station to be operated using the local brown coals. Deposits of them are great, and their qualities have not yet been fully investigated. Of course, it would be simply splendid for all of us if electric-power production

could be developed using the more ecologically suitable natural gas. But the situation is such that there is still nowhere to obtain it from.

Kazakhstan has its own reserves of natural gas only in its western part. Furthermore, it will take some time to develop them to the point of use. We should not count upon acquiring this raw material from Russia, Uzbekistan, or Turkmenia, since these republics have significantly increased the proportion of the internal consumption of their own natural gas, and accordingly cut down on its export. And they intend to let the prices on their fuel resources "float up" to the world levels; they now stand at 87 dollars per tonne of natural gas. At the same time, a tonne of coal now costs only 26 dollars. Therefore, Kazakhstanians simply have no other solution but to create their own energy sources based on their own coal.

If the political and economic situation changes and there is a possibility of importing natural gas, then—with insignificant expenditures—the electric-power stations could be, in the opinion of the scientists, re-equipped to use gas-mazut fuel. For the time being, however, the scientists are predicting an increase from 35 to 61 percent in the proportion of coal within the structure of this region's fuel supply to the year 2010. To be sure, there is an alternative—building an AES [nuclear electric-power station] in Turgay Oblast. But this would require a referendum among the region's population, in addition to governmental decisions. Ecological measures—whether it is a matter of utilizing coal or building an AES—certainly do occupy a significant place in the Energy Program.

The construction of new energy sources seems to be an inevitable, vitally necessary step. According to data from Goskomstat [State Statistics Committee], Kustanay Oblast with respect to its economic and social development is noticeably outpacing the average republic-wide indicators for the production of industrial goods by a factor of 1.14, consumer goods—by a factor of 1.17, meat—by a factor of 1.66, etc. By the year 2000 most enterprises plan to reach their full development, and—in connection with this—a 50-percent increase in the electricity load will be provided for industrial production alone.

In other words, coal will have to be burned one way or another; it is also possible that matters may come to the point where uranium is used. The scientists are likewise recommending steam and natural-gas plants for thermal electric-power stations with combined production of electric power and heat, efficient and economical diesel-type electric-power plants which could become indispensable at remote shepherds' centers and in small settlements. Also being examined and considered is the use of wind-powered units and solar stations, or solar heat collectors. The program developers have also addressed the matter of possible financing: republic- and local-level budgets, financial resources of the energy system, potential consumers, whose funds could be

attracted on joint-stock principles or in the form of a loan, as well as commercial banks.

Thus, the electric-power people now have something to refer to in their work—a program. But this is not enough. This program must become a constituent part of a republic-wide Energy Program—one which is still being worked out, unfortunately, with extreme slowness.

City of Kustanay

Survey Concludes Threat of Mass Emigration Exaggerated

93US0058A Alma-Ata KARAVAN in Russian 25 Sep 92
p 3

[Article by L. Gurevich: Alma-Atans Remain Kazakhstanians: A Survey by KARAVAN's Sociological Service"]

[Text] *That is true—at least of the majority. In a telephone poll conducted by KARAVAN's Sociological Service 65.5 percent of the respondents—out of a sample which was sufficient to precisely reflect the capital's national structure—declared that they had no intentions of leaving this republic for the purpose of taking up permanent residence in other countries, including the CIS states.*

And among the 30.5 percent (and among Russian-speaking respondents this figure is 35.6 percent) who are thinking of leaving Kazakhstan in one way or another, not all of them by any means consider themselves to be potential refugees. Here's the way the motivation of emigration-minded people looks. Of the number of persons desiring to leave and take up permanent residence in some other state, the breakdown of their reasons for wanting to do so is given below:

- because of the state of their health, due to the climatological conditions—8.2 percent
- because of a desire to change their circumstances—18.8 percent
- for occupational reasons—18.8 percent
- because of a desire to be reunited with relatives—12.2 percent
- because of a desire to return to their historical homeland—9.8 percent
- because of concern over the implementation of the Law on Language—10.6 percent
- due to fear of interethnic conflicts—32.8 percent
- for political reasons—9.0 percent
- others—8.1 percent

(Certain respondents cited several reasons or motives).

As we can see, concern rooted in the development of interethnic relations and the political situation motivates only half of that third of those persons polled who revealed their emigrationist attitudes or leanings. Among the other half, the "desire to change places" is connected hardly with politics, but rather with psychological, economic, and even...romantic factors. Only about 35 percent of those persons who intend to change their places of residence would like to move to Russia or other CIS countries. The oldest center of attraction for emigrants—the United States—is attractive to 15.5 percent of our "mobile" respondents. Our survey-study provided no ideas about the attitudes among the most "emigrationists" of the national or ethnic groups—the Germans, Jews, and Greeks. There were too few of them included within the sample of respondents to draw any specific conclusions. It became clear, however, that persons of the most diverse nationalities are not averse to settling in France and Australia (at 8.1 percent each), or in Canada and Turkey (at 4.9 percent each). We found persons desiring to settle in Sweden, Finland, the Republic of South Africa, Hungary, and Italy (moreover, none of the persons who chose these countries did so because the countries involved were their historical homelands). And—finally—it should be noted that the thought of leaving Kazakhstan and moving abroad does occur to citizens of the indigenous nationality as well. Among the Kazakh respondents there were 20.7 percent of such persons.

It cannot be said that there is any kind of explosive upsurge in emigrationist attitudes. As our survey-study made clear, 20.2 percent of the respondents were thinking about moving abroad even back during the period of the USSR's existence. Moreover, despite powerful official propaganda, 65 percent had an understanding attitude toward the emigration from the Union by Germans, Jews, and Greeks, i.e., members of those national and ethnic groups who had been offered and granted citizenship and who had refused aid in being settled in their "historical homeland." (They were condemned by 11.5 percent, indifference was shown by 14.5 percent, and some 4.5 percent would have also refused, if they had been in their position)

Our survey-study also demonstrated that there are significant obstacles between the desire to emigrate and the possibility of doing so. Almost half of those respondents thinking of emigrating lack the money to move to and settle in the new place. Some 28.6 percent cannot carry out their intentions because of difficulties with exchanging or selling their apartments, 17.2 percent—due to complications connected with moving their possessions, and an equal number are afraid of not finding work in the new place. And 35.2 percent cannot decide to move because there are no relatives or acquaintances in the country chosen to reside in.

And so only less than a third of those polled are thinking about emigrating from this republic. Of those, about half would do so not for national, ethnic, or political reasons. And almost half lack any real possibility of carrying out

their intentions to emigrate. In other words, the extremely widespread and sometimes even forcibly "heated-up" assertions about the threat of a mass flight by citizens from the Republic of Kazakhstan have been patently exaggerated.

This conclusion has also been confirmed by our respondents' assessment of interethnic relations in the republic. Here's the way the responses look to the question about the situation which has evolved nowadays in Kazakhstan with regard to interethnic relations:

"Kazakhstan remains a republic of friendship among peoples"—12.5 percent

"Interethnic relations in this republic are favorable enough"—25.7 percent

"The situation in interethnic relations is completely tolerable"—42.0 percent

"The situation in interethnic relations is characterized by tension"—14.2 percent

"The situation is fraught with danger of exploding"—1.7 percent

To be sure, there is some concern and caution in the prevalent—albeit positive but extremely cool—assessment of interethnic relations as "completely tolerable." However, serious concern or anxiety over the development of such relations is experienced by only less than 15 percent of those persons polled, whereas panicky attitudes have affected only 7 respondents out of the total of 400.

It is obvious that Kazakhstanians—more than anyone else—have an inherently internationalist or interethnic awareness. And the fact that Kazakhstan resisted the destruction of the Union until the last, as well as the fact that these days it is advocating more actively than the other republics the strengthening and deepening of ties within the CIS framework is determined not only by geopolitical interests but also by the mass awareness of its multinational population.

Thus, the disintegration of the USSR was assessed by 55.5 percent of our respondents as a tragedy for the peoples involved. Only 29.2 percent termed it a phenomenon in accordance with legitimate principles, and only 15 percent viewed it as primarily a liberation of the peoples from the power of a totalitarian empire. (To be sure, among the Kazakh respondents the latter assessment was supported by 24.7 percent; nevertheless, even the former view had about 40 percent supporters).

Despite the fact that the Soviet Union has ceased to exist, 72.5 percent of our interviewees, including more than three-fourths of those representing the Russian-speaking population and 56.4 percent of the Kazakhs, continue to feel a sense of belonging to the Soviet people. Were we not too premature in consigning to the archives the thesis concerning the "new historical community of people"? Moreover, in our opinion, simple people do not

invest in the understanding of that concept the ideological sense and meaning which have been imposed upon it by official science and propaganda. It simply does not occur to a citizen of the former USSR that his republic is solidly surrounded by foreign countries, which are divided merely into "close" and "distant." Nor does it occur to an Alma-Atan that Issyk-Kul is abroad, or that the Crimea differs from Florida merely by the fact that it is "closer."

Therefore, only 4.5 percent of those polled proposed to close the borders between Kazakhstan and the CIS states; 45.2 percent advocated that they be left "transparent", and 46 percent were in favor of leaving them open.

But the most important conclusion—to our way of thinking—stems from the reply to the question concerning their attitude toward those persons who are still determined to leave this republic. We asked the respondents which of several opinions they would endorse, and their replies were distributed as follows:

Opinion	% of all respondents	% of Kazakh respondents
"Emigration of citizens is a great loss for the republic"	72.5	60.4
"Let them leave; we're not losing anything"	21.0	30.6
"The sooner they leave, the better it is for our republic"	1.7	2.9

As we can see, the majority of simple people, regardless of nationality or ethnicity, have a good understanding of the value of every citizen for the state.

Decree on Renaming, Regulating Russian Transcriptions of Names of Certain Administrative-Territorial Units

935D0027A Alma-Ata KAZAKHSTANSKAYA PRAVDA
in Russian 17 Sep 92 p 1

[Decree Issued by the Republic of Kazakhstan Supreme Soviet Presidium: "On Renaming and Regulating Russian Transcriptions of Names of Certain Administrative-Territorial Units in the Republic of Kazakhstan"]

[Text] In order to revive the national toponymics, restore the age-old, historical names of certain administrative-territorial units, regularize the transcription of Kazakh place names in Russian in accordance with the submissions by local Soviets of People's Deputies, and based on the conclusions drawn by the State Onomastics Commission under the Republic of Kazakhstan Cabinet of Ministers, the Republic of Kazakhstan Supreme Soviet Presidium hereby decrees that:

1. The following names shall be changed in the manner indicated below:

in East Kazakhstan Oblast

the village of Dirizhabl, Krupskiy Village Soviet, Ulan-
skiy Rayon to the village of Kyzylsu;

the village of Kirovo, Akzharskiy Village Soviet, Tarba-
gatayskiy Rayon to the aul of Zhanalyk;

the village of Andreyevka, Akzharskiy Village Soviet,
Tarbagatayskiy Rayon to the aul of Zhanatileu;

the village of Komsomol, administrative center of
Komsomolskiy Village Soviet, Tarbagatayskiy Rayon to
the aul of Zhetyaral;

the workers settlement of Priozernyy, Tarbagatayskiy
Rayon to the workers settlement of Tugyl;

the village of Pokrovka, administrative center of the
Pokrovskiy Village Soviet, Tarbagatayskiy Rayon to the
aul of Manyrak;

the village of Sergeyevka of the Cherdoyakskiy Village
Soviet, Kurchumskiy Rayon to the aul of Kaynar;

the village of Budennovka of the Cherdoyakskiy Village
Soviet, Kurchumskiy Rayon to the aul of Toskayyn;

the village of Vysokogorka of the Cherdoyakskiy Village
Soviet, Kurchumskiy Rayon to the aul of Karabulak;

the village of Maralikha, administrative center of the
Maralikhinskiy Village Soviet, Kurchumskiy Rayon to
the aul of Maraldy;

the village of Pugachevo of the Maralikhinskiy Village
Soviet, Kurchumskiy Rayon to the aul of Ushbulak;

the village of Platovo of the Maralikhinskiy Village
Soviet, Kurchumskiy Rayon to the aul of Sarytau;

the village of Zelenoye of the Kurchumskiy Village
Soviet, Kurchumskiy Rayon to the aul of Algasbas;

the village of Kalinino of the Kalgutinskiy Village Soviet,
Kurchumskiy Rayon to the aul of Yegandybulak;

the village of Tochka of the Almasayskiy Village Soviet,
Ulanskiy Rayon to the aul of Bayash Utepova;

the village of Skalistoye of the Targynskiy Village Soviet,
Ulanskiy Rayon to the village of Izguty Aytykova;

in Kustanay Oblast

the village of Aktobe of the Asenkritovskiy Village
Soviet, Taranovskiy Rayon, to the village of Maylin.

in Mangistau Oblast

the village of Kuybyshevo, administrative center of the
Zhyngyldinskiy Village Soviet, Mangistauskiy Rayon to
the village of Zhyngyldy;

In Semipalatinsk Oblast

the village of Yernazar, administrative center of the Yernazar Village Soviet, Aksuatskiy Rayon to the aul of Zhantikey;

the village of Igorevka, administrative center of the Birlukshilskiy Village Soviet, Zharminskiy Rayon to the aul of Sulusary;

the village of Saratovka of the Birlukshilskiy Village Soviet, Zharminskiy Rayon to the aul of Koytas;

the village of Filippovka of the Birlukshilskiy Village Soviet, Zharminskiy Rayon to the aul of Shymydyk;

the village of Ilinka of the Birlukshilskiy Village Soviet, Zharminskiy Rayon to the aul of Birlukshil;

In Taldy-Kurgan Oblast

the village of Andreyevka, administrative center of Andreyevskiy Rayon to the aul of Kabanbay;

the village of Saratovka, administrative center of the Saratovskiy Village Soviet, Andreyevskiy Rayon to the aul of Kyzylkayyn;

the village of Glinovka, administrative center of the Glinovskiy Village Soviet, Andreyevskiy Rayon to the aul of Ushbulak;

the village 30 Years of the Kazakh SSR of the Mukanchinskiy Village Soviet, Kirovskiy Rayon to the aul of Nadirizbek;

In Akmolinsk Oblast

the village of Budennoye of the Kirovskiy Village Soviet, Tselinogradskiy Rayon to the village of Khadzhimukana;

In South Kazakhstan Oblast

the village of Galkino, administrative center of the Galkinskiy Village Soviet, Tolebiyskiy Rayon to the village of Zertas.

2. The following names shall be transcribed in Russian as indicated:

the city of Dzhezkazgan as Zhezkazgan;

Dzhezkazgan Oblast as Zhezkazgan;

the city of Chimkent as Shymkent;

Yanykurganskiy Rayon, Kzyl-Orda Oblast as Zhanakorganskiy;

the workers settlement of Yanykurgan, Zhanakorganskiy Rayon, Kzyl-Orda Oblast, as Zhanakorgan.

[Signed] S. Abdildola, chairman, Republic of Kazakhstan Supreme Soviet

Alma-Ata

8 September 1992

TAJIKISTAN**Democratic Party Chief on Politics, Russian Role**

93US0059B St. Petersburg SMENA in Russian 7 Oct 92 pp 1-2

[Interview with Shodmon Yusupov, chairman, Democratic Party of Tajikistan, by Yelena Gusarenko and Vladimir Yesikov, correspondents; Dushanbe; date not given: "If We Suffer Defeat, the War Begun Here Will Roll All the Way to the Urals"]

[Text] This party was the first and only one in Tajikistan which demonstrated in front of the Supreme Soviet building with statements condemning the actions taken by the GKChP [State Committee for the State of Emergency], and it formed a special battalion to be sent to Russia for the purpose of defending and protecting the legitimate government. At that time this party was still outlawed along with its leader. The former government called Yusupov a nationwide criminal and accused him of all the deadly sins, including crimes against his own people. Nowadays Shodmon Yusupov is one of those who is firmly in place at the controls of power.

[Correspondents] Shodmon Yusuf, after the May victory of the opposition bloc and the September resignation of Rakhmon Nabiyev, has there been a change in the disposition of forces in the government offices?

[Yusupov] Frankly speaking, the disposition of forces has remained as before: that is, the opposition has still not obtained any government posts. Nevertheless, we—the so-called members of the opposition—do not have anything against those persons who now occupy the government offices. We do not even call ourselves an opposition to the government. On the contrary, we have signed a series of agreements in which we pledge to cooperate with the legitimate government in all its good intentions. But not beyond the point whereby the government causes us to become an opposition again.

[Correspondents] Does this series of agreements signed by you provide for any new system of governing the state, or—perhaps—even a completely different type of state itself than the one we have had up to now? There are persistent rumors circulating in Russia that your thoughts and intentions have turned toward the Islamic State of Iran, and that the new Tajikistan—in large measure—will be guided by the Iranian practice....

[Yusupov] This question is the absolute favorite among all journalists. I am simply tired of replying to it. You always exaggerate the idea of creating an Islamic state in Tajikistan. And all of Europe hears such rumors and—having fallen to its knees—prays to God for protection against Islamic fundamentalism. Serious and thoughtful persons in Tajikistan do not even think about creating such a state. There is a fundamental difference between us and Iran, including a religious difference: We are Sunnis, whereas they are basically Shi'ites. By the way, the rumors about our creating an Islamic state in our

country have—to a great extent—caused the present-day civil war. The Kulyabians consider that Yusupov has come to terms with the Islamic Revival Party and will introduce Islam into Tajikistan. Yes, we indeed are cooperating with the IPV [Islamic Revival Party], but we have purely businesslike, economic relations. No more than that. And I myself am for creating a democratic state—one based on the rule of law—in Tajikistan. And our kazikalon—the head of Tajikistan's Muslim clergy—has directly declared the following: "As long as I am alive, there will be no Islamic state in Tajikistan." Of course, there will be a different state here—distinct from the one which used to be in the Soviet Union. No one can say exactly what it will be like; but it will have to be democratic; or else I will be the first to emigrate from here.

[Correspondents] Could the present-day events in Tajikistan have been predicted? Do you consider that all the preconditions for the civil war were artificially formulated?

[Yusupov] The consequences could have been predicted right after the parliamentary coup in September of last year, when Nabiyev came to power. On 24 September in this very same office where you and I are now, the influential figures in the people's movement parties gathered together. In addition to myself, there was Dovat Khudonazarov, other comrades of ours, and Rakhmon Nabiyev. At that time I said the following to him: "Rakhmon Nabiyevich, you came to power in a criminal fashion. I, as the leader of a democratic party, am fundamentally opposed to any coup. Today it is you, tomorrow the IPV, and the day after tomorrow somebody else—the state is collapsing." Understand this: People have begun to think that it is a matter of little or no importance to carry out a coup d'etat. But power must be constitutional, rather than simply a matter of whoever sits down at the table eats everything. Personally, I am a dictator, but only with regard to the state—not to an individual. If there is a strong state authority, there will be a normal state.

After the anticonstitutional coup it was clear that events were imminent in Tajikistan which in their tragic scope would be equal to those in Karabakh and in the Dniester region because something was introduced in people's consciousness—something which allowed them to think about the possibility of taking weapons into their hands and killing each other.

[Correspondents] What is your assessment of Russia's stance with regard to the events in Tajikistan?

[Yusupov] The Russian government should know that if we suffer defeat, Bishkek will be next, then the remaining states of Central Asia. I do not understand the stance taken by the Russian leadership: Troops are being introduced without asking the government of Tajikistan...

[Correspondents] Pardon me, but at all the press conferences both the president and the prime minister of your republic have declared that the Russian "landing-party"

was invited personally by the president of the republic for the purpose of protecting the local population!

[Yusupov] Of course, how could our government have said otherwise? Because, after all, it does not want to spoil relations with Russia. And, therefore, it was compelled to make such a declaration.

I personally no longer believe Yeltsin and my friend Gennadiy Burbulis, no matter how painful it is to admit this. The policy which Yeltsin is now following with regard to Tajikistan is criminal. And as a citizen and as a human being, I cannot forgive a crime.

Russia's government is conducting a rigid, harsh policy with regard to us—one of interference in our republic's internal affairs. Why? After all, Tajikistan is just as much a sovereign republic as Russia. Therefore, we will take measures in response. The first step will be the forced opening up of the borders.

[Correspondents] But, you know, of course, that this would mean expanding the conflict zone....

[Yusupov] Certainly. Let's see how the Russian public itself reacts to that. Because, if the borders are opened up, the war will reach the Urals themselves. But this is not some kind of bloody revenge; this is the normal condition of any normal person. Now I have come to understand the entire criminal essence of this state—Russia. You know, I myself studied for 15 years in Moscow. I went to the very same school there in Moscow that others also attended—some now in high positions—like Grachev and others. I know this frame of mind well: They want to twist us around their little finger again. They say that Tajiks and Uzbeks stole some arms from a Russian regiment in Kurgan-Tyube, but that the Russians had nothing to do with this. These are Russian fairy tales for the mind of the average man in the street.

What does Russia want from us? To have us like a kind of province of theirs? In that case, they should invite us to the negotiating table and tell us straight out: "We want Tajikistan to become a Russian province." But if you want Tajikistan be a sovereign state, let it live independently. And give some thought to those Russians who are living here in our republic.

Russian Army Families' Miseries, Tajik Mutual Atrocities Outlined

93US0059C Moscow KOMSOMOLSKAYA PRAVDA
in Russian 17 Oct 92 p 1

[Article by G. Bochkarev, special correspondent: "While Cocking Their Guns, Everybody Dreams of a Cease-Fire"]

[Text] A young woman had come into the pavillion. She took one look at the group of correspondents from Moscow and loudly asked:

"Were you the ones who wrote that we had been evacuated?"

"From where?"

"What do you mean 'From where'? From here. From Kurgan-Tyube."

We were sitting in the pavillion with some officers from a Russian motorized infantry regiment. One of the military men suddenly stood up and said:

"Excuse me, that's my wife. She's tired out...."

The officers' wives live together with their husbands on the territory of the military sector in Kurgan-Tyube. Under barracks-type conditions. They have moved all their belongings to their regimental quarters and have abandoned their apartments. Moreover, these are no longer apartments, but merely rooms without windows or doors.

It was promised long ago that the wives and children of the military would be sent to safe regions. And as soon as they had been promised this, the news was flashed on TV that the "evacuation process had been completed."

But the process has not even begun.

"They told us to abandon everything and 'follow our noses.'" I was told by an officer's wife named Yekaterina Lapteva. "But where? My husband served in Kushka and then in Afghanistan. How hard it was to accumulate a few things. And now to give it all up? But we don't even have an apartment back in Russia...."

It was then in the "military" pavillion that I recalled the "iron" logic of one young officer:

"I don't have anywhere to go. There's no housing. Perhaps I could trade an APC [Armored Personnel Carrier] for a shack in Moscow...."

And then a major came up to me. He did not introduce himself but merely stated the following in a matter-of-fact voice:

"They've put a price of 250,000 rubles on my head. Just to kill me."

"Why?"

Here's a part of Major K's story.

"When three tanks were stolen from our unit [chast], I was ordered to proceed to the forward area and destroy these vehicles. We had to cross a bridge. I was ordered to go, even though—as it turned out—the entire command knew that this bridge had been mined. Well, we started out. In front of the bridge we were stopped by people. About 300 people. Understand this: I simply could not crush these people! I did not destroy the tanks. And that's why I am being hunted. But I'm not afraid; I always carry a grenade with me...."

The stolen tanks fell into the hands of the Kulya'ians. Military vehicles have been stolen by the officers themselves. For example, soldiers killed the father and mother of one of them and burned down their house. Then the captain persuaded the soldiers to steal the APC. This officer was a native of these parts.

Now he has his revenge. It is so simple. And so dreadful. Perhaps it is from here that the legends of mercenaries in Tajikistan sprung....

According to the latest information, two of the stolen tanks were burned up by a special armored group of Russian troops. The third was returned voluntarily.

And recently the Kurgan-Tyube regiment was reinforced by Russian special troops and infantry. Probably this is a good counter-measure against tanks and APC's. However, it is all a matter of indifference to these soldiers; they are hostages—pawns in an alien war in an alien country. And all you have to do is see how they kill defenseless people right in front of your eyes; and all you can do is stand by and watch.

You are ordered to be neutral. All the more so in that, when they were being sent to Kulyab and Kurgan-Tyube, it was explained to some soldiers that they were going to Astrakhan in order to pick watermelons....

There are almost no passers-by on the streets of Kurgan-Tyube. The roads are patrolled by APC's under a red, Soviet flag, and certain inexplicable memories swept over me. It was as if everything was like it had been "a hundred years ago...."

Those people who are still living in this city of many wounds affirm only one thing: "Soon there will nothing to eat." Kurgan-Tyube has been cut off from the world—the bakery is not operating, and the only doctor—a volunteer—treats his patients in a "hospital" consisting of three rooms.

These days the city is controlled by the formations of Sangan Safarov. They say that after his arrival here a certain quiet and calm ensued. It seems that Safarov issued an order that marauders and pillagers should be shot on the spot. Several were shot immediately, and their corpses were carried out onto the street "as a stern warning."

The bodies of persons who have been killed are to be found every day in Kurgan-Tyube. There is nobody to remove the corpses and no one to bury them. The dead bodies are dumped into a canal, where live persons are also thrown with their feet tied together. This punishment is called "fishing," but nobody knows who its author is....

Corpses here are also divided into "ours and theirs."

Popular Singer's Killing Outlined

93US00594 Moscow TRUD in Russian 24 Oct 92 p 1

[Report by Galina Gridneva: "Singer and His Ensemble Killed by Bandits"]

[Text] In Tajikistan's Yavanskiy Rayon some persons unknown maliciously killed the popular stage singer Karamatullo Kurbanov along with his ensemble—eight persons in all. The details of this monstrous crime became known a week later.

According to one member of the ensemble who remained alive by some miracle, the singer and his group were forcibly brought to Yavan by members of a certain Mafia-type group in order to perform at a wedding of their fellow-townspersons. However, upon their arrival in this rayon center, which is located some 80 kilometers from Dushanbe, the bandits unexpectedly changed their route, saying that they were going to another wedding—one to take place in the neighboring kishlak [Central Asian village] of Dakhan. Here the performers were stopped by unknown armed persons, who—after completely stripping the performers—first killed Karamatullo by a shot in the temple, and then likewise the other members of the ensemble.

Such a bestial treatment of these performers literally shook up the numerous fans of the talented Karamatullo Kurbanov. They assembled at a funeral meeting in the Tajik capital; and they demanded that the authorities

immediately find and punish the killers, put an end to the terroristic treatment of the peaceful population, and bring a halt to lawlessness in Tajikistan.

Hajj Pilgrimages Reported on Increase

92US0744A Dushanbe NARODNAYA GAZETA
in Russian 8 Jul 92 p 1

[Unattributed article: "Return from the Hajj"]

[Text] The season of the annual pilgrimage of Muslims from the entire world to Islam's shrines in Saudi Arabia has ended. This year, there were many believers from Tajikistan among the pilgrims. They recently returned to the homeland. TIA Correspondent Khovar M. Sultonov asked Tajikistan Muslim Kazi [chief of the Tajik Muslims] Khadzhi Akbar Turadzhonzoda to describe the results of the current Hajj.

"This time," he said, "676 people—one third more than last year—from our republic completed the Hajj to Mecca's holy places. They, like Muslims from other countries, were rendered a cordial and friendly reception in Saudi Arabia. The Saudi Government assumed responsibility for providing the Tajik pilgrims with free food, and also payment of their travel expenses on the country's territory. Unfortunately, one woman took sick there during the Hajj and we left her there for treatment. Based on an agreement with the Saudi authorities, the number of pilgrims will be increased next year."

ESTONIA

Former Minister On Citizenship Problems*93UN0160A Moscow SMENA in Russian 9 Sep 92 p 5*

[Interview with Artur Kuznetsov, former Estonian minister of interethnic relations and currently Russian special assignments ambassador, by Boris Kolonitskiy and Daniil Kotsyubinskiy; place and date not given: "Liberal Imperialism Is the Only Tool Against Rabid National Democracy"]

[Text] [SMENA] How do you rate events in present-day Estonia?

[Kuznetsov] The Estonians have decided to proceed on the basis of the interest of the nation, something which governs all of their other political decisions.

[SMENA] For quite some time the Russian democrats frankly sympathized with Baltic separatism, viewing it as an ally in the struggle against the communist center and seriously hoping for the preservation of "fraternal" relations even after the victory over the Union-communist structures. Nothing other than absolute naivete on the part of our democrats could explain such a behavior.

[Kuznetsov] Perhaps your democrats are not alone in having made fools of themselves but so are we, i.e., the Russians who helped the Estonians in their struggle for independence. I, for example, since 1988, i.e., from the very beginning, was a member of the National Front and struggled, as I should have, against the supporters of Interfront. I struggled for nothing...

I now frequently think that Kogan, if you will remember, who was a USSR deputy, turned out to be substantially correct. At that time he initially joined the National Front but quite quickly realized the outcome and became very embittered, which greatly hindered him later. Naturally, to this day I consider many of his views unacceptable....

From the very beginning the Estonians were oriented toward eventually separating themselves from the Russians. At that point the latest democrat coming from Russia started saying something along the line of "we shall struggle together...." but the Estonians always displayed a rather cautious attitude about a formulation of the issue such as this.

We tried to act from inside the National Front and give nationalism a "human face." I remember how shocked all of us were when a separate "Russian section" of the National Front was founded. If only everything could be limited to that!...

However, one should understand something else as well: Had there not been the putsch and the coup d'etat which followed in Estonia, the Estonians would never have so rudely and drastically separated themselves from the Russians and from Russia. Therefore, this was not a case

strictly of your or our naivete. There was truly a different breakdown of forces until 20 August 1991.

[SMENA] Was there a "coup d'etat" one year ago in Estonia?

[Kuznetsov] I am referring to the resolution of the Estonian parliament of 20 August on restoring state independence and the drastic turn to the right which followed. That same night, the parliament created a constitutional assembly consisting of parliamentary deputies as well as delegates to the Estonian Congress. One-half of the seats in that assembly went to the national radicals. At that time I was in Germany in order, together with several other ministers, to publicly announce the formation of a "government in exile." After I was informed of that decision I immediately realized that something bad had happened.

[SMENA] Why is the decision to restore Estonian independence all that bad?

[Kuznetsov] Have you ever wondered why is it that Estonia and Latvia are talking about the restoration of their statehood while Lithuania keeps silent on the subject, although its statehood tradition is much older? Everything is quite simple: Lithuania does not find such restoration advantageous, for it would automatically raise the question of the territories which became part of Lithuania after its unification with the USSR. Furthermore, the question of citizenship for the Lithuanians is not all that topical, for they fully dominate in Lithuania. The opposite situation prevails in Latvia and Estonia.

Today the main strategic objective of the Estonians is to fulfill a "gentle ethnic mission" and reduce the percentage of outsiders down to the average European standard of 10-12 percent. This has been openly stated by none other than Mrs. Clara Hallik, today's minister of interethnic relations. The figures are as follows: one-third of Russian-speaking people would leave, one-third would be assimilated, and one-third would preserve their non-Estonian nature, for it is believed that such foreigners will no longer be essentially threatening. Society would become controllable and the ideals of national statehood would triumph once and for all.

[SMENA] How would assimilation take place?

[Kuznetsov] Through mixed marriages and by the state's depriving the foreigners of education. It is already clear that there will be no higher education in the Russian language in Estonia and, possibly, not even secondary education.

[SMENA] What about Tartu University? What about the famous Lotman Philology School. Will this too be shut down?

[Kuznetsov] Under circumstances in which only Estonian citizens will have the right to enroll in the university, Lotman's school cannot survive. That is why I think that there will be no formal closing down. In general, for the same reason it would make sense for the Russian

government and the Russian public to assume as of now some obligations relative to the cultural and educational support of the Russian-speaking population in the republics of the former USSR where the principles of ethnocracy have prevailed, the more so since those countries will soon include a huge number of Russian citizens: every day some 700 residents of Estonia apply to the Russian embassy in Tallinn for Russian citizenship. We had previously considered the establishment of a joint charitable foundation named after Igor Severyanin, the main objective of which would have been to support a Russian higher school in Estonia. Unfortunately, so far this plan has remained unimplemented.

[SMENA] Would it make sense for Russia to react more directly? For example, to protest or apply economic sanctions, demanding that human rights be respected?

[Kuznetsov] This is a lost cause. Actually, the global community and, above all Russia itself, granted Estonians the moral right to behave as they do. On 24 August 1991 Russia acknowledged the restoration of Estonian independence. One did not have to be a particularly smart politician to realize that this automatically raised, above all, the question of territory (Pechorskiy Uyezd, Ivangorod); second, the issue of citizenship of the so-called "illegal immigrants," i.e., of anyone who had moved to Estonia after its unification with the USSR.

It is possible that Yeltsin himself may not have read this document, but where were his advisers? Actually, I heard about the way all this happened: The actual text of the recognition of Estonian independence by Russia was drafted by the Estonians themselves. I even know the specific individual who drafted it, but I cannot name names publicly for lack of the necessary proof.

Boris Nikolayevich is a passionate person. Passionate people are always more honest than those who are less passionate. Naturally, he was tricked. Such was the nature of those times and many things were happening! Ryuytel telephoned him and subsequently boasted that he had talked directly to Yeltsin himself. He was almost trying to embrace him on the telephone: "We are for you, dear Boris Nikolayevich!" It was a nightmare.... What a mean trick!...

A few days later, the Estonian Supreme Soviet Presidium annulled all of the Kremlin's resolutions on the 1944-1945 and 1956 border between Estonia and Russia. Let us note that it was fully entitled to do so, for the Helsinki Agreements apply only to borders to which both sides have agreed: At that time Estonia was not a party to international relations. Now, after the recognition of the restoration of Estonian independence, the only treaty which meets the conditions set in the Helsinki Agreements is the 1920 peace treaty to which the Estonians refer when they demand of Russia Pechora and Ivangorod.

Furthermore, the 1920 border was legitimized with the Estonian Constitution which, in turn, was approved by national referendum. In general, Yeltsin was too trusting

in his talks with Ryuytel. All the indications are that a vague reference was made which, subsequently, enabled Ryuytel to interpret such words as a promise to concede some territory. Now it is a question of Pskov Oblast, which is like Yeltsin's Vendee. "Yeltsin sold us out," the people of Pechora insist. "Should this happen, however, we shall blow up the gas pipeline and fight. A committee has already been set up and a popular militia is being raised. Let me re-emphasize that formally the Estonians are absolutely in their right. They were recognized, they were accepted in the United Nations and the other international organizations, and no one asked them how they intend to behave toward the half a million strong "illegal immigrants?" Actually, had Russia not recognized Estonia at that point the rest of the world would not have recognized it either. I remember that on day of the putsch I unsuccessfully tried to reach the German Ministry of Foreign Affairs. When I eventually was seen by a low-ranking official, he simply refused to discuss the topic of Estonian independence.

[SMENA] Would it make sense to try to influence Estonia through the SDSE [Collective European Defense and Security System]?

[Kuznetsov] For more than a year there has been talk of appointing a High Commissioner for National Minorities but no one seems to be able to do this. I have asked why? I was told the following: You know, this position is so highly paid that there is an excessive number of applicants. Naturally, I hope that, in the final account, such an international mechanism will become operational. I have great hopes for Mr. Eyde, who is director of the Norwegian Human Rights Institute and chairman of the UN Human Rights subcommittee. The SDSE mechanism should be activated. Furthermore, I assume that now American capitalists as well will act as a lobby supporting the interests of the Russian-language population. The point is that today a great many enterprises in the Narva area are being sold to Americans. I do not believe that they would be interested in having a Russian-speaking equivalent of Ulster in Estonia.

[SMENA] In a political democracy do national minorities have to use the services of lobbyists to protect their rights?

[Kuznetsov] The starting principle of democracy is "equality." However, formal equality for those who are in fact unequal (I am referring to a national majority and a national minority) turns into their actual inequality. In order to secure real equality the minority must be granted certain privileges. This, however, conflicts with the initial principle of an "ideal" democracy. Therefore, a force must be present, in order to balance the interests of the different ethnic communities. It is good to have a monarch who can grant various privileges on his own.

In that famous Estonian Soviet Socialist Republic there existed, I profoundly believe, greater interethnic harmony than there exists in the present Estonian Republic. Even during the most difficult years for the Estonians—

1949-1951—no more than some 30,000 people were deported from Estonia. In the first half of this year, however, 16,000 people were forced to leave the Republic, or four percent of the entire population, and the pace of forced emigration is continuing to rise. In the past, Russians who had come to Estonia naturally enjoyed certain privileges: Without knowledge of the Estonian language they could live and work in the Republic. It was mandatory for Estonians to learn Russian. Meanwhile, the Russians lived in a national Republic and had certain disadvantages: possibilities to educate their children were limited and there was less scope for the development of a Russian-speaking intelligentsia. However, they were backed by the mother country which compensated for the lack of Russian culture. This kept a rough balance of rights and opportunities. I am saying this with a great feeling of responsibility and I remain open to any objections.

This kind of relative harmony existed entirely thanks to the imperial form of government (I deliberately set aside all other aspects of the imperial problem). Then came Gorbachev. He too was an emperor, only not totalitarian but liberal. Under him the law on seceding from the USSR was passed. Good or bad, that was the law.

How did the Union break down? Without any law whatsoever, based on a scenario several hundred percent worse than the Versailles Treaty. At that time, the nations were not all that bloodthirsty. They did not wish to fight, to destroy each other, although some terrible things were taking place. Now it is simply a nightmare.

According to Gorbachev's law, referendums in areas densely inhabited by foreigners were to be held, to be followed by other referendums. A procedure existed. This was a thousand times better than resorting to the "Kalashnikovs" or even the "soft ethnic purge."

Today the processes which are developing on the ruins of the USSR are such that I am forced to even violate the sacred principles of the Helsinki Accord. I was provoked by Baroness Thatcher who recently said, while visiting Azerbaijan, that priority must be given to the inviolability of borders, while the rights of minorities must come second. What kind of principle is that: It means that human rights and minority rights (the collective human rights) do not have priority! To put it bluntly, priority is given to barbed wire.

[SMENA] As a minister, what steps did you try to take to protect the rights of ethnic minorities?

[Kuznetsov] Above all, I supported the idea of the "zero option," i.e., the free choice of citizenship by all residents of Estonia. Furthermore, Savisaar and I tried to convince the parliament of the need to grant the Narva region the status of free economic zone. We are accused by the parliament of wanting to "sell" Estonia to Russia.... I even submitted my resignation on that issue....

When after the putch a clear course toward the development of an ethnocratic state was adopted in Estonia, I said that, as minister of interethnic relations, I would assume the functions of lobbyist to protect the interests of ethnic minorities. Savisaar said the following in parliament: "Kuznetsov is a Russian, he will protect Russian interests." However, I was defeated.

[SMENA] Is that why you resigned?

[Kuznetsov] No, my resignation had been prepared in advance and was related, above all, to the fact that according to the agreement between the Russian and Estonian governments I was to become Russia's ambassador to Estonia. Naturally, in the final weeks it became very difficult for my ministry to function.

Generally speaking, not only I but Savisaar as well should have resigned along with all the others. At that point we would have left as heroes, with flowers and congratulations. However, since he stayed to the time when, in January, the ration per person dropped to 150 grams of cheese. Savisaar is blunt and intelligent but not wise. There is no concept of "wisdom" in the Estonian language. I was able to make Savisaar understand this and he did....

[SMENA] Why did you not become Russia's ambassador to Estonia?

[Kuznetsov] The situation was changing quite rapidly. Whereas on 4 August 1991 the National Front was still in favor of the "zero option," after 20 August the question already arose of the need especially to "lobby" for the interests of the Russian-speaking population. Soon afterwards, the decision was made to do without "lobbyists." For that reason the Estonian side did not want me even as an ambassador.

[SMENA] Remaining in fact without any rights and patrons would, in the final account, the "illegal immigrants" take up arms?

[Kuznetsov] In my view, the Moldavan variant of the development of events is not the most likely. I assume that the southern example would have a cooling effect on both sides. Furthermore, the most militant segment of the public has already become embroiled in the existing hot spots. I believe that the problem will be resolved slowly and painfully. The Estonians are a very cautious people. They are hardly likely to begin to resort to extremes. They will find an escape valve (they have invited the Americans to come).

[SMENA] Could the reason be the higher political standards of the Estonians? Their greater sense of democracy?

[Kuznetsov] I do not have such a high opinion of their "high political standards." However they are indeed not impulsive.

As to their "democratic nature," they themselves have openly said that "we are a small nation, we cannot be democratic." The Estonians want to build a closed society.

[SMENA] What does this mean?

[Kuznetsov] Let me give you an example: If a non-Russian person speaks Russian with an accent, this is considered by most Russians as something entirely natural and does not create any enmity toward that person. In Estonia, if you do not speak Estonian perfectly, you have virtually no opportunity for a career in the government.

[SMENA] Do you speak perfect Estonian?

[Kuznetsov] No. Generally speaking, I am a marginal speaker. I come from the Pskov border area, where three ethnic groups are closely interwoven—Russian, Latvian, and Estonian. My first language was Latvian, for my grandmother was Latvian. Later, however, the Latvian school was closed down and I went to a Russian school, as a result of which I became a Russian. However, I could have become Latvian equally well. Subsequently, I enrolled in Tartu University and after my graduation worked at the Tartu Physics Institute of the Estonian Academy of Sciences, from 1968 to 1990. Generally speaking, national exclusivity is something unnatural and restraining.

In our country, however, matters have reached the level of racism. One of Savisaar's opponents, Minister Lippma, once stood up in parliament and said: "I know why Savisaar covers for the Russians: his mother is Russian—Mariya Vasilyevna."

[SMENA] Nonetheless, let us try to consider the viewpoint of your opponents. Do they have, perhaps, some kind of "Estonian truth" of their own?

[Kuznetsov] Their truth is something which could be described as the "sinister demographic puzzle." It is nonsense to say that for the past 50 years Moscow has pursued a systematic policy of colonialism aimed at deliberately changing the demographic situation in the Baltic. During that time the regime was so strong that it did not need such means to increase its power.

The point lies elsewhere. Of the three Baltic nations, today only the Lithuanians have been able to increase their numbers compared to the prewar situation. The Lithuanians are Roman Catholic. Latvians and Estonians are Protestants and the difficulty of all Protestant nations is their low birth rate. For that reason, in promoting the equal industrialization of the three republics, Moscow was simply forced to resettle in Latvia and Estonia proportionally more foreigners than in Lithuania.

There also is a viewpoint according to which if a nation numbers less than one million people it is doomed to extinction. The level at which the future of a nation is

considered secure is five million. This level was recently reached by the Finns, and they are terribly glad.

The Estonians have openly said the following: "We have an irrational fear and you must understand us!" I have always tried to understand, but the path they chose will not lead to positive results. It would have been better to make a generous gesture and to accept the Russians as their own people. In such a case the Russians would work conscientiously for the good of Estonia and since assimilation is a natural process, gradually (through mixed marriages perhaps) there would be a broadened genetic stock of the Estonian nation. However, they chose the path of restrictions....

Generally speaking, neither Russia nor the world have tried so far even to formulate any kind of concept for the resolution of ethnic problems in the republics of the former USSR. As in the past, all discussions turn around "cultural-national autonomy," although it is clear by now that in many cases this principle will be inapplicable. From my viewpoint the question should be raised of a cultural-national confederation and a concept should be developed of "people-partners" and not simply one of ethnic minorities. In Estonia, as in some other republics, a system similar to the one existing in Finland should be applied, where the status of "partner nation" actually is granted to Sweden, despite their small number compared to the number of Russians in Estonia. Naturally, there are UN documents and there is a convention on the status of stateless individuals; finally, there is the protocol of the European Council of Ministers on the rights of stateless people, which even stipulates their right to have their own municipal authorities. However, for the time being all of this is quite far from being implemented.

[SMENA] Your assessments and projections are quite negative. Could this be a reflection of personal hurt for having been removed from the roster of the powerful?

[Kuznetsov] Naturally, my temptation would be to answer you immediately in the negative! However, I realize that in addition to the conscious, there is in every person the area of the subconscious which cannot be controlled. Subconsciously, I probably feel hurt.... However, I try to test each one of my conclusions against the viewpoint of those who do not have any negative experience in communicating with Estonians, as I do.

[SMENA] Honestly speaking, I am somewhat shocked that you are considering the "Estonians" as people of a single ideology and a single political will.

[Kuznetsov] Naturally, there are some Estonians who believe roughly as I do. However, they are literally the exception. Typical of the Russian intellectual is a stratification, based on the national problem, into diametrically opposed ideological groups. To the Estonian intelligentsia it is the opposite that is typical: absolute cohesion precisely on this matter. The unanimity with which today's Estonian press attacks Russia is quite similar to the unanimity with which in the past the

Soviet press attacked "American imperialism!" A number of journalists have openly written about the need maximally to weaken Russia from within. The military doctrine of the Estonian Republic officially proceeds from the fact that "Russia is the main likely enemy."

[SMENA] Is nationalization in Estonia exclusively of an anti-Russian (anti-Rossiyan) kind?

[Kuznetsov] Anti-Semites have increased their activities of late. Two Jewish cemeteries have been desecrated. Many Jews are receiving threatening telephone calls. The initial signs of this were noticed as early as the summer of 1990 when an attempt was made to hold an SS rally. At that time I was sent to a countermeeting organized by Interfront, carrying the government's announcement that the rally was forbidden. A number of Jews attended the meeting. Until recently there were 4,600 Jews in Estonia. Now SS rallies are being held almost legally. The latest was attended by the Estonian minister of defense. And although Estonian anti-Semitism is not all that vocal or old as its Russian brother, Jews are leaving Estonia as intensively as they are Russia.

[SMENA] As a rule, the Russian communists-[word illegible] managed to combine Marxism-Leninism with clerical anti-Semitism. Are matters in Estonia somewhat different?

[Kuznetsov] Naturally, there was an anti-Semitic section in Interfront. However, it was not all that substantial. Suffice it to say that some of the former leaders of that organization, including Kogan himself, were Jews.

[SMENA] What is the nature of your relations with Estonian communism?

[Kuznetsov] I was a member of the Estonian Communist Party. To this day I lean more toward the left of center rather than hold right-wing views. I believe that under market conditions there should be efficient redistribution. Let the economy be less productive but more equitable.

[SMENA] Does this mean that you are not a liberal?...

[Kuznetsov] I did not say that. Above all, I value precisely liberalism, probably like the overwhelming majority of the members of intellectual professions. I have always felt closer to freedom and polyethnicity rather than parochial exclusivity which erects around the individual numerous "national-democratic" taboos. Even though today in Russia everything is in a state of disorder and confusion, I would choose it because it has something which contemporary Estonia lacks: space and freedom.

Ruutel Describes Municipal Government Reforms

92UN2186A Helsinki HUFVUDSTADSBLADET
in Swedish 1 Sep 92 p 9

[Unattributed article: "Estonian Administrative Reform"]

[Text] Helsinki, FNB—In Estonia the first phase of the country's administrative reform has now largely been completed. This was reported by Estonia's President Arnold Ruutel at a Nordic municipal conference in Tallinn. At the conference Ruutel was informed of a development program for the Estonian municipal administration worked out in cooperation by the Estonian and Finnish central municipal organizations.

Nearly all Estonian municipalities, townships and cities have analyzed their future prospects, Ruutel said. The local administration has had to take control of the many establishments which were formerly controlled by companies, the regional administration or the state.

"They are in the process of experiencing the master's first giddy happiness and his even greater worries."

With a view to the second phase of the administrative reform, a large number of laws and regulations are in the process of being prepared.

Among others, provisions concerning the areas of competence of the state and local administration are being readied, a careful study of the state's control and monitoring, for which the principal rule is to be the decentralization of power.

The principle is also to arrange economic policy so that the municipalities, within the framework of the government's financial policy, would receive sufficient monetary and other resources in order for the tasks and the available resources to balance.

Ruutel said that the success of the administrative reform and the creation of a functioning local self-determination depends to a crucial extent on factual analysis, on the Estonians taking international experience into account, and on changing the personnel. The local Estonian administration has received effective help to do all this from the Nordic countries. In this connection Ruutel mentioned particularly the cooperation program for Finnish and Estonian self-determination for the years 1992-94.

LATVIA

Saeima Eligibility Rules Modified

93UN0067A Riga DIENA in Latvian 30 Sep 92 p 1

[Article by Iveta Bojare: "Harder for Small Groups to Get Into Saeima"]

[Text] Riga, Sept 29. Voting once again, the majority of Supreme Council deputies changed the threshold needed

by a Saeima candidate to get into Parliament of 2%, which they had set earlier, to a higher threshold. This time, the majority decided on 4%, which was primarily supported by the Latvian People's Front (LPF) faction. Thus, in combination with the increase in the amount of security payment required (in place of the earlier decided minimum payment of 10, they voted for 50 today), and also with the requirement to present a program of activities, they have, in practice, raised the requirements for political groups who are attempting to gain a seat in the next Parliament.

The earlier, low threshold option was primarily supported by the politically radical deputies, from the former People's Front, as well as from the former communist flank. Both sides based their stand on the necessity to not deny "political minorities" representation in the highest legislative body. Possibly, it may have just been a coincidence in this group of deputies with very different political interests, that the 2% threshold "won" in the first reading of the election law already in May. It should be noted that, at that time, there were still 14 opposition deputies present, who were removed from their seats this summer because of their actions during January and August of last year.

On the other hand, the supporters of the higher threshold, already since the start of the summer, have been recalling the experiences during the first Latvian independence period, when the Saeima was fragmented because there were no thresholds, and the administration's activity was unstable.

Although the Satversme faction had stated earlier that it would like to see a 3% threshold in the law, no particular objections were raised, even after the results, which differed from their position, were announced. Only Arnolds Berzs did not hide his disappointment in the changes made today: "The people will just become puppets. The newly acquired sack of money and the ticket on the political bloc, for which they will be forced to vote, will be placed in front of them." This law will be the headstone on the grave of Latvia's democracy.

As of now, the question on the rights of social organizations to nominate candidates on a ballot has not been fully defined. "To be open about it, the one hundred signatures of voters, which are required for a candidate's ballot, are only for the sake of form. In practice, these social and political organizations, according to our drafted law 'Regarding social organizations', are also allowed to be formed by legal persons, foreigners, minors..." was the peculiar "underwater rock" uncovered by Janis Lagzdins.

After prolonged debate, it was resolved today to make the legal voting age eighteen years, instead of twenty-one years, as prescribed by the Satversme. One of the basic arguments stated that the present Supreme Council does not have the right to change standards set by the Satversme, but after considering the realities, the majority of deputies did not support this. "If we leave

the age at 21 years, then we will exclude the majority of students", said Juris Bojars, predicting possible repercussions. Furthermore, if we go by the letter of the law, then the Satversme has already been violated by the mandatory draft law, which states that young men can be called in for duty already at 18 years of age. Although he did not get the support of the deputies, Aleksandris Kirssteins did manage to stir up indignation by his argument in favor of the 21 year age limit—he invited them to recall the "infantilism among youth", and maintained that the majority have completely no orientation towards politics.

Saeima Election Law Considered Satisfactory

93UN0120C Riga DIENA in Latvian 1 Oct 92 pp 1,8

[Article by Iveta Bojare: "Current Version of the Election Law Satisfies Many"]

[Text] Riga, Sept 30. Notwithstanding the singular objections, practically all of the political groups in the Supreme Council, with the exception of the unregistered opposition faction, Lidztiesiba, consider the current version of the election law, in principle, to guarantee that the next Saeima elections will be democratic.

Yesterday, in a repeat of voting, the deputies changed the previously set threshold of 2%, needed to become a member of the Saeima, for a higher threshold, i.e. of 4%. Likewise, the security payment for submitting a ballot of candidates was increased from a minimum rate of 10 to 50; and every political group will be required to submit a program.

Thus, all of the Supreme Council—Latvian People's Front (LPF) faction—ideas are being fully implemented. "The current version basically corresponds to the present situation in Latvia, and will allow Latvia's citizens to freely exercise their will in the elections—electing those people, who they want to see here," was the satisfied comment by this faction's leader, Indulis Berzins, at today's press conference. His like-minded peers had supported the 4% threshold not because they wanted "to leave anyone out". It was the desire "for Latvia to have a stable government".

Understanding this desire for stability from a political standpoint, the opposition from Lidztiesiba, however, backed a lower threshold percentage. "The current situation shows that the rights of the nation's minorities will not be represented in Parliament by anyone other than their own candidate", was the faction's stand, as voiced by one of its deputies, Konstantins Matvejevs. The faction has supported the right of groups to submit ballots of candidates, which has also been temporarily accepted. "We are convinced that this sufficiently consistent renewal of the first Republic of Latvia's institution is inescapably provoking mass civil rights violations", confirmed K. Matvejevs.

The Satversme faction also feels that a lower threshold percentage would be more acceptable, specifically, 3%.

As explained at today's press conference by the deputy chairman of the faction, Rolands Rikards, the adopted version could mean the denial of representation to important citizens' groups, and that could already be verging on the brink of danger. "According to the registry calculation, there will be about 1.4 million citizens who are eligible to vote. Four percent means that about 56,000 individuals will have to support a certain ballot in order for its candidates to become members of the Saeima. Just imagine, that would amount to more than three Mezaparks amphitheaters..." R. Rikards considers the adoption of the standard age limit of 18 years for voting as dangerous, because of its contradiction to the Satversme (Constitution).

R. Rikards' colleague from the Democratic Center group, Ivars Elerts, does not consider a deviation from the "letter of the law of the Satversme" as particularly tragic. "A law shouldn't contain antiquated standards."

Hidden Unemployment Exposed in Bad Economy

93UN0121C Riga DIENA in Latvian 3 Oct 92 p 2

[Unattributed article: "Every Fifth 'Able To Work' Resident May Become Unemployed"]

[Text] The growth of prices for services and goods and the expected growth of unemployment are probably the main problems that worry the majority of Latvia's residents.

Hidden Unemployment May Soon Become an Official Issue.

The official level of unemployment in today's Latvia is 1-7%. However, hidden unemployment is significantly higher and reaches almost 20%. What does "hidden unemployment" mean? In many enterprises, work days are short, all workers work in one shift instead of several shifts as they used to work before; in some places, work is performed only three or four days a week, and workers are sent on indefinite vacations without pay. Salaries decrease correspondingly. The unclear future of enterprises and their employees result in the growth of social tension. If plants don't find funds to pay for raw materials, electric power, etc., then all those employees, who are on vacation without pay, may become officially unemployed. Workers who are potentially unemployed started already looking for a job because later there will be much more people willing to get a job. Some of them nevertheless hope that plants in Russia and other CIS countries will pay back their billion ruble debts. Then our enterprises will be able to pay their debts to the state budget, settle their accounts with other raw material suppliers, and finally pay salaries for the last months to their employees. In some cases, workers cannot leave their plants because the plants won't have money to pay them compensation according to the law (3 month salary) after staff reduction. On the other hand, not very many workers want to quit their jobs with the "at his own will" record.

It Won't Be Easy for Women and Young Persons to Find a Job.

During the last six months, the number of registered available jobs in Riga decreased 6 times. As of today, 14,616 people are looking for a job in Riga, of them 157 persons are looking for a job for a period longer than 6 months. Women, who comprise 76% of the unemployed in Riga have a much harder time finding a job. In some occupations, the percentage is 90-100%. The greatest demand is for bricklayers, house-painters, welders, concrete layers, and locksmiths. Workers with these profession can always get a job (and even with a high salary). The only precondition is, that in certain professions, the skill level (laborer's category) should be 5 or higher. Today's employers, when hiring, are able to choose those whom they like most, very often taking into consideration not only the qualification but also the appearance of applicants (red nose, for instance, does not promise good work). It is obvious that women are not able to learn these skills. Leonards Rubenis, the director of the Riga Center of the State Employment Service, told us that job placement is far behind processes in the labor market. It is clear that many plant workers will lose their jobs. For certain professions, jobs simply won't be available. However, the government does not offer a concrete program to solve the problem of unemployment. Young people will find themselves in the most difficult position because they graduate from vocational schools with 3rd or 4th category (even in the most needed professions) and this qualification does not satisfy potential employers. The government did not foresee any tax breaks for enterprises willing to create additional jobs in order to reduce unemployment. The majority of the unemployed do not have money to start their own businesses and many of them are not able to get low interest loans from the state. Certainly, there are some (but not many) workers, officially unemployed, but unofficially working at various private enterprises and, at the same time, receiving unemployment compensation.

Private Employment Agencies Often Deceive People.

Private employment agencies were created to help the State Employment Service. Unfortunately, more frequently they just deceive people. For instance, one firm promised jobs abroad. Upon signing contracts, applicants had to pay a definite amount of money in hard currency. According to the contract, this money had to be paid back (sometimes with a deduction for effort). After many months, the firm says that the job abroad is unavailable and gives the money back. What do they do with the currency during these months? They invest it in profitable deals paying them high interest, i.e., making money from the money that people paid in hope to get a job. They get back their money according to the contract, but the firm, in fact, has borrowed this money from them without any interest. This example is the most civilized.

Newspapers have already written about firms that collected money and then disappeared. A bill was presented to the government, which required from the state to license these agencies and to control their activity but unfortunately this law was not adopted.

The Job of Registration Clerk Is Not the Easiest One.

So far we are not able to ensure a job for everyone but at the same time we don't even try to supply those people who take care of employment problems with the necessities. As Leonards Rubenis emphasized, the government and municipal organs have not done anything to create normal working conditions for registration clerks. The problem of premises has not been solved. Five clerks have to use the same telephone. During the last 6 months, the number of clerks increased but there are no desks for them to work at. Important documents used for paying unemployment compensation are stored in unlockable cabinets simply because it is impossible to get cabinets with locks. Everyday, the registration clerks have to listen to accusations addressed to the government, plant directors, and the clerks themselves. The work of a registration clerk becomes harder as the unemployment grows but their salaries are low. Let's hope that our readers will never have to open the doors of the unemployment office; however if it happens, we would like them to be more tolerant and understand that those who work for the employment service are not responsible for the mess in our today's economy.

Number of unemployed in Riga (percent of the number of the able-bodied):

Central rayon - 5% (appr. 1700 persons)

Northern suburb - 3.1% (appr. 2100 persons)

Zemgale suburb - 3.7% (appr. 2200 persons)

Latgale suburb - 2.7% (appr. 2800 persons)

Kurzeme suburb - 3.0% (appr. 3000 persons)

Vidzeme suburb - 2.7% (appr. 3800 persons)

This table is based on data obtained from the Employment Service by the newspaper DIANAS BUSINESS.

Growing Unemployment Detailed

93UN01204 Riga DIENA in Latvian 3 Oct 92 pp 1,8

[Article by Gunta Vucina: "National Unemployment Figure Approaches 20 Thousand"]

[Text] Riga, Oct 2. The army of unemployed workers in the nation has again received some new recruits in the past few weeks—755 individuals—and is surely and steadily marching towards 20 thousand. According to the

State Employment Services report, the figures for September 29 were 18,588, with 16,633 receiving unemployment benefits, DIENA was informed by the head of the aforementioned services, Sergejs Blazevics.

As of September 29, there were 32,641 individuals registered in Latvia who were actively looking for work. The so-called long-term unemployed can be separated out as a special category. These are people who have not been able to find a job within 6 months, and, as prescribed by law, no longer receive unemployment benefits (90 percent of the subsistence wage). At present, there are 370 of such individuals in Latvia, and slightly less than half of them - 156 - live in Riga. A certain portion of these individuals could become potential "clients" of the Ministry of Internal Affairs, in the opinion of the chairman of Latvia's Free Trade Union Association, Aivars Silins.

He noted to DIENA that the figures given by the Employment Services may not reflect the true picture, because they don't show the so-called hidden unemployment (the number of people who have had to take mandatory unpaid vacations, either individually or within a collective, and no one is able to guarantee them a job at present), and its ratio to actual employment is about 10:1. The director of the National Employment Services of Central Riga, Leonard Rubenis, informed DIENA that according to data in his possession, hidden unemployment has already affected 20 percent of those employed.

One of the largest lay-offs occurred at the Energoautomatika plant, which laid off 57.7 percent (410 out of 710) of its workers, stopped all work in the summer, and has now switched to a four day week. The electrotechnical plant laid off 43.5 percent (3,000 out of 6,900), and the experimental instrument plant laid off 42.4 percent (280 out of 620) of all employees, in total. In turn, the Latbiofarm plant in Olaine has 596 people currently taking unpaid vacations. Alfa, due to a lack of raw materials, could lay-off half of the 4,700 currently employed, as of the beginning of next year. A critical situation also exists at Kosmos, the electrical light bulb plant, and the glass factory, Sarkandaugava. A record number—82 percent—has been reached at Riga's cardboard factory. Out of 1,000 workers at the latter factory, only 180 remain, and furthermore, this is an enterprise primarily employing those who work at home—young mothers and invalids.

Of the more than 200 unemployed persons assisted every day at the Latgale suburbs branch of the National Employment Services, about 90 percent are women with a higher or mid-level specialized education, DIENA was told by Daina Odite, the head of this branch. It is almost impossible to find placements for women who have reached 50 years of age.

In September, the office helped place 98 people in jobs, and D. Odite feels that this is a lot. The most difficult is to help place the approximately 75 percent portion of

unemployed Russian speaking individuals, because a basic requirement for all of the job requests is a knowledge of the national language.

"I have a mid-level specialized education, three years until retirement; for two months now, I no longer receive benefits; my husband is temporarily working as a designer; then, with no work and no wages, I visit placement offices, and they tell me that I'm too old." Complaining about her problems to DIENA was former head of the 1st Section of the Main Architectural Planning Administration of the Republic of Latvia, and one of the long-term unemployed, Zoja Cistova, who has been looking for employment since the end of October of last year. Admitting to her insufficient knowledge of the Latvian language, she stressed that she does not expect anything major, and is willing to work as a caretaker or dishwasher, but such jobs are totally nonexistent, as DIENA was informed by Vera Timofejeva, acting director of the National Employment Services of Central Riga of the Vidzeme suburbs branch. She stressed that those who do not know the national language have the greatest difficulty, because all employment vacancies specify a knowledge of the language.

Visiting the Latgale suburbs branch, together with her young son, was the former cook in the 2nd Public Dining Enterprise, Maija Valdovska, who had lost her job on August 15th due to a staff reduction. "This is the fourth time I have come here, but they have nothing to offer. I would like to work in a job that is at least related to my profession," explains the woman, whose mother is in the hospital, and whose family's sole supporter earns 4 thousand rubles per month.

Finding herself in a tragic situation is the mother of four children, Natalija Protasa, who, after caring for her youngest at home until age three, lost her job due to staff cutbacks when she returned to work at the Data Processing Center of the Ministry of Agriculture. She has a higher education in electronics, a field considered to be essential at present. "It is absurd to go somewhere and look for something, because as soon as they see my passport, they don't talk to me," says N. Protasa, admitting that she has come for benefits because her husband only received half of his wages in August.

The fact that employers can now select their own workers was stressed to DIENA by both Daina Odite and Vera Timofejeva. Employers even ask us to send them several candidates for the job, so that they can make a selection. D. Odite revealed a paradoxical situation—only half of her staff positions have been filled. Due to a lack of space, they cannot hire the amount of workers needed. Instead of the 1,000 cubic meters that are necessary, the office is housed in three rather small rooms. People in the waiting room, which only contains 12 chairs, start gathering already at 7 or 8 o'clock in the morning.

In Riga, the offices of the State Employment Services are at the following locations: Central district—Matisa iela

22, telephone: 277194; Kurzeme district—Kalciena iela 17a, telephone: 612874; Latgale suburbs—Avotu iela 27, telephone 284586; Zemgale suburbs—Brivzemnieka iela 5, telephone 233496; Ziemeļu district—Strelnieku iela 11, telephone 332173; and Vidzeme suburbs—Miera iela 4. Starting with October 5, the Jugla subdivision of the Vidzeme suburbs office will go into operation at Brivibas iela 430, telephone 52185. Offices are also located in all other cities of Latvia.

Economist on Reforms, New Proposals

93UN0043A Riga LAUKU AVIZE in Latvian No 39, 25 Sep 92 p 2

[Article by J. Aboltins "The Road to Europe: Are We Ready to Go?"]

[Text] There is confusion among the public, and there is no objective basis for it, because Latvians know how to: run commerce, be diplomatic, work productively, and get along with those of other nationalities, show their ability to integrate with Europe, and succeed in making their country stable and thriving. In my opinion, there are various basic proposals, which, if adopted, would allow the new Saeima, and also the administration, to build a prosperous Latvia with the widespread support of the people. But of course, the people must come to understand their own viewpoints.

In my view, the rebirth and creation of prosperity in Latvia can only start if each of its citizens experiences a spiritual rebirth, in conformity with the moral standards of Europe.

The opponent of my views is not my enemy. Such a behavioral standard should be instilled into the activities of the legislator, the mass media, and everyday life.

Electoral battles should be fought through actions based on these standards, by explaining the ideas we support, instead of attempting to put the opponents of our ideas on trial for their activities now, or in the past.

Each of us alone, and all of us together, should promote social morals and behavioral standards, which would acknowledge that only the courts can find a person guilty.

We must be consistent in this premise, considering what has been accomplished by people, operating in Latvia under the ruling regime. This isn't easy, but is nevertheless necessary, if we are to consider ourselves a democracy.

The Soviet army, while occupying Latvia, performed its aggressive activities while speaking in Russian. Latvia's post-war crippled development was linked to policies of russification. Large numbers of people of other nationalities poured into Latvia, both in an organized and a decentralized manner. The Russians were imbued with the conviction that they were helping the Latvians in their fight against imperialism, for prosperity, etc.

As a result of these policies of occupation and russification, many Latvians have created a stereotype, whereby the social and economic problems will be resolved by themselves just by the deportation of other nationalities from Latvia. I disagree with such an erroneous concept, and am convinced that Latvians understand the implied differences between "Russian" and "communist regime". Based on the fact that in the 1990 and 1991 elections, those of other nationalities helped pave the democratic road to the renewal of an independent Latvian nation, I feel that it is possible to initiate naturalization before the Saeima election. The basis for naturalization should be a five-year period of residence in Latvia, as of May 4, 1990, being born in Latvia, and a personal request to be granted citizenship. I see the adoption of such an approach as the first step in destroying the stereotype of "Russian = regime". In return, those of other nationalities must realize that they live in Latvia, and all those who are able to work must fulfill the legal obligations to learn the Latvian language, in accordance with the requirements of the language law.

Everything mentioned above does not exclude the possibilities for a civilized discussion and solution for the return of non-Latvians to their homelands, and the removal of the Russian army.

Many problems with the economy need to be solved, many of which were created two years ago when the administration and Parliament did not initiate what the International Monetary Fund is telling us today. In my opinion, the main causes of the present national economic crisis are the delay in the privatization process, a privatization plan not meeting the needs of the national economic market, and the division of state property among residents (those employed). Such a plan excludes those people from the process who know what to do with the enterprises, how to organize the work within them, and insure employment, which is becoming a more and more important goal in the national economy.

We don't have to look far to learn how to do this—we know the German reunification experience and the activities by the trustee establishments (Treuhandanstalt) organized there for the renewal of the formerly socialist national economy—precise methods, a business plan (entrepreneur activities), national financial and consulting types of support, and if specified, how the proposed aims will be met, and particularly—employment.

For now, "thanks" to the activities of the Supreme Council, we are doing things backwards—all property goes to foreigners for hard currency, and we are left with unemployment.

I am convinced that only after we get over the misconception that owning a manufacturing plant without knowing how to operate it will make someone rich, we will have decent businesses and prosperity. Therefore, we should have the kind of privatization in which state enterprises are sold on an extended payment plan (or

even given away) to entrepreneurs or small groups, if they are able to show a business plan that would insure employment and the production of products (giving priority to products that can be exported). Such an idea was also expressed to DIENA (6/10) by I. Kapsis, a Latvian specialist living in Australia.

Such privatization has to take place publicly, the entrepreneurs' obligations should be defined by agreements, and a financial report should be published regularly on the work performed by the privatized enterprise. At the same time, a state organization supporting business should be created, which, through training, consultation, financial support, export offers, and guarantees of credit, will help every inhabitant of Latvia, who has thus far been a decent and honest worker, to become the owner of his own enterprise.

As the most important initiative for the promotion of business, I see the possibility of eradicating self-serving officials and corruption, using legislation that would do away with twofold interests. Every Saeima deputy, member of the administration, and state official has to reveal his economic interests in business, including those of his relatives. Registration of businesses has to be simplified, from filling out the application forms to sending taxes to the inspection board. Legislation has to eliminate the limitations on permit requests and agreements. This will create conditions under which every person with a desire to work will be able to start up an independent business within a few weeks time.

Even more important is a law on providing goods and services to the state. Then we won't have to shrug our shoulders in ignorance over the issuing of Press House stock to consultants, nor about the customs declarations being printed in green ink.

There is much fervor when the question of Latvia's national economic specialization is brought up. In my opinion, our development should move in the direction described by "Splendid Latvia—the most effective place to make East - West contacts". For such a direction, priority should be focused on the creation of financial, transportation and communications enterprises.

In six months of consulting work with foreign investors, I've had to listen to their questions:

- Am I allowed to buy a plot of land in Latvia?

- Why is it more expensive to lease land here in Riga than in Stockholm or Paris?

Positive answers to these questions have still not caught the attention of the legislators.

Furthermore, I feel that, only through an efficiently operating infrastructure, we will be able to attract investments in Latvia, and also provide the possibility for the development of private agricultural production. Such a situation could be realized by improving and supplementing the national economic legislation to reflect the directives of the European Community. To get to

Europe, it's not necessary to invent the bicycle. Besides, the development of joint investments and stock holding companies with Russia is proceeding in an illogical and unspecific direction at present. In my opinion, we should realize that nothing will guarantee Latvia's security more than joint investments by East and West companies. Attempts at guaranteeing our security, as A. Boruks wrote in NEATKARIGA CINA (8/24), by "... our own armed power presence—such that it is sufficiently (the underlining is mine—J.A.) large and armed, so that it is useful not only for parades, but also for battle" is absurd. I recommend that persons with such a perspective examine the January 30, 1989 number of IZVESTIA, to confirm that Russian armaments, in Europe alone, are 40,000 tanks, 45,000 armored vehicles, 50,000 jet-propelled missile launchers, and much more. How much will Latvia need? Therefore I see J. Jurkans' views on Latvian and Russian neighborly relations as real and well substantiated. I think that the attacks on him are coming from people who, under the noise of the battle with Russia, are trying to hide their own inability to solve the current problems in internal policies.

In my opinion, the most current of these problems is the growing crime, which is being stimulated by the shriveled national economy, legislative ambiguities, and an almost powerless public safety organization.

Only renewed national economic activity, based on the creation of strong owners, will provide the resources to insure public order through coordinated activities by the police, National Guard, and border guards.

I am also upset by the increasing spread of firearms. As shown by the experience of other countries, the carrying of firearms, without legislative preparations or a healed social moral, increases the murder rate. In my opinion, the limited resources intended for the protection of order should be concentrated in providing motorized night patrols, and the creation of communications and intercom systems for protecting the safety of residents and their homes.

Latvia and its people have suffered a great deal under authoritarian regimes. The heaviest burdens have been carried by those who are now retired, and who, from an objective point of view, will be unable to enjoy the fruits of Latvia's prosperity.

Therefore, I feel it is worthwhile to put at least 50 percent of the resources earned as a result of privatization into the pension funds. I base this proposal on the fact that the state's property, to a large extent, has been created as a result of the work by the older generations, and that in the next 3 to 4 years, we don't expect any vital growth in production, which could increase the resources needed for the payment of pensions.

Significant reorganization of Latvia's national economy will also be necessary in the near future, which will only be possible under conditions of public cooperation.

The situation cannot continue in which a director of a state enterprise learns the same morning, from the latest paper he has just bought, that the enterprise he is in charge of has been promised to foreigners. It is not normal to allow the monopolies to raise prices every month, without giving any accounting or explanations. It is not normal to adopt resolutions that are vital to society, without having discussions from all sides.

In Europe, these problems are solved by three party—the government, the employer, and the employee—discussions, called a three-party coalition, a concept still foreign to us. I think that the introduction of this concept into Latvian life will be a significant event, and also the acceptance of an established European practice.

There is not only one acute problem that awaits us. In the next few years in Latvia, we will have to solve the discrepancy between increased national expenses and very limited national budgetary potential.

Personally, I see two, although seemingly rather painful, possibilities to soften this discrepancy.

First, Latvia has to become a demilitarized nation, without an army, without any other nation's bases, and not visited by army divisions, war attaches, etc., of other nations. We have to dispel the misleading idea that Latvia's army, no matter how large it may be, will be able to fend off the occupation of Latvia. The resources saved here can be used for initiatives focused on public order and protecting the health of the inhabitants.

The second possibility in the sphere of savings is to reorganize the financing of professional education. At present, the financing of professional educational systems (higher, middle specialized, and technical professional schools), takes up a great amount of resources from the national budget, while these systems teach either what cannot be utilized in practical life, or what can be utilized to a very limited extent. A paradoxical situation is created, in that the young person is without work because there is no demand for his training. Utilization of the budgetary resources excludes the student from requesting what is to be presented, and along with that, the presenters can teach what they know, not what should be known in order to work effectively under the new conditions. I feel that professional education should be reorganized in such a manner that it is paid for by the firms (employers) or students, utilizing state created funds for loans, and thus, we can effectively utilize the resources, and also raise the quality of education. Naturally, we would have to facilitate and provide discounts for those who are talented, such as competition and olympics winners, etc. Is this a difficult idea to accept? It may be, but it is necessary.

Four years ago, invited by the Latvian People's Front, we joined the march towards national awakening, standing up against the Communist party's dictates, against authoritarianism created by its bureaucratic systems, and we were for the opportunity to determine our own

fates and run the nation. We were successful in destroying the old system. We can now start work on renewing our nation.

The awakening period—beautiful and romantic—has now over. We have awakened, although our joints are stiff and our vision is blurry. We want to be a part of Europe, but our thoughts, actions, and environment is in disarray, because we have been asleep so long, while Europe has gone on ahead.

This sleepiness and disarray interferes with our ability to build. We are allowing ourselves to be deluded that someone is bothering us. All we have to do is find out who it is, and all of our problems will disappear. We are starting to accuse one another, along with those of other nationalities who are here, and neighboring countries. This self-delusion is a heavy legacy of the old system, and we have to get rid of it. If we want to build our free nation, it is time be rejuvenated in all spheres—European thinking, action, cleanliness.

This road will not be easy, because it will require everyone to get rid of the old stereotypes, cast off the tight shell of pride, evaluate our past, and learn a great deal for future development.

It will be difficult and complicated, but it will get us stability and prosperity, and into Europe.

Are we ready to go? This should be answered first by everyone, individually, before the election. Without this answer, changing the government is just a waste of time. So is holding the Saeima election with only half of Latvia's inhabitants participating.

What would I advise Mr. Godmanis to do?

1. Make public the business connections of all Supreme Council deputies, administrative officials, their relatives and family members, showing which firms have financed foreign trips for Supreme Council deputies, members of the administration, and state officials.

2. Privatize "Latvijas nafta" fuel oil storage tanks and gasoline filling stations, selling one third of these to Russian oil concerns, one third to western oil concerns (i.e. do what the government already resolved to do in 1991).

3. Unite all uniformed men, who march around proudly during the day, into night patrols in order to guarantee the people's safety.

Economist on Restrictions for Non-Latvians

93UN0121B Riga DIENA in Latvian 1 Oct 92 p 6

[Article by O. Krastins: "Rejected Heritage"]

[Text] On August 21, 1991, the SC of the Latvian Republic adopted a law stating that Latvian national status is determined by the February 15, 1922 Constitution. It is followed by intensive study and restoration of

the political and legal heritage of that time: property rights, and the K.Ulmanis 1937 civil law. There also are many talks regarding the citizenship law, preparation for Saeima elections, etc. At the same time, the historical goals and experiences of the Latvian national economy are entirely glossed over and ignored. However, if the restoration of the Latvian economy, which served the interests of the entire nation, is replaced by primitive and wild capitalism, then sooner or later such political hopes as social stability, predominance of Latvians in the state, and Latvian political independence will collapse.

Transition to the market economy, privatization, foreign capital investments, etc., are often considered economic goals of the present period. However, they are only means that can facilitate, and at the same time, delay, the achievement of those higher goals. We have to be aware of these higher goals and assess concrete laws and decisions in economic policy, always keeping them in mind.

The **strengthening of social justice** could be considered the highest economic goal in historical Latvia. K. Ulmanis expressed this goal in an aphorism: "straighten up everybody at the top".

The agricultural reform of 1920 and the following years was the greatest measure taken to strengthen social justice in Latvia. As a result of the reform, 79,000 new farmers received land; 338,000 servants (including family members) became landowners. Land was only granted to those who wanted and were able to cultivate their land; the formal rights of previous owners (landlords) were completely ignored. As a result, the Government had to win a serious legal battle in the People's Union Council. K. Ulmanis and his future government would never permit the transfer of payments for the rent of land to the cities or even to the heirs of former landowners living abroad, which today's agricultural reform does not rule out. There has already been a certain number of social conflicts between the real land users and heirs who have only recently surfaced. The number of such conflicts threatens to increase. Similar conflicts are imminent between apartment tenants and house (and city land) heirs in the cities.

"Straighten up everybody at the top" does not mean to level. This policy made it possible for the most enterprising and successful people to become not only well-off but even very rich. However, it had to be carried out simultaneously with the rise of the standard of living of the entire population. For example, Benjamins and some other families acquired their wealth as a result of long years of successful work. However, nobody has heard that they spent tens of thousands to buy tickets for a pop music festival or a topless show, or lost huge amounts of money in casinos, etc. This is the behavior of today's nouveau riche who haven't done anything for the sake of Latvia and who can easily afford these things being supported by legislators. At the same time, the standards

of living of the majority of population dropped almost ten times compared to the stagnation years.

The comparison of the salaries of workers who received high and medium wages presents a good characterization of social justice at that time. In prewar Latvia, the Department of Statistics published these data for each year. For instance, the average salary of a plant director in 1936 was 710 lats/month, and the maximum was 3000 lats; store directors received 580 (3000) lats, financial enterprise directors 785 (2500) lats. In comparison, the average and maximum salaries of teachers in Riga public schools and doctors in Riga hospitals were 204 (510) and 265 (433) lats respectively. It means that the highest business managers earned 3-4 times more money than average representatives of intelligentsia.

Today, such data are not published, because "nobody is interested in them". According to some newspapers, some organizations pay up to 3000 dollars, i.e. 600,000 rubles per month. Everyone can compare this to his own salary, as well as to the salary relationships in the thirties.

The strengthening of national justice is the second important economic goal expressed in the slogan "Latvia for Latvians" of K. Ulmanis. Similar to the present, Latvians then had acquired political power and the government of that time understood very well that it would be able to retain its power only if Latvia acquires an appropriate economic position (corresponding with its specific weight in economy) among leading nations.

In 1935, when the percentage of Latvians in the entire population was 77.5%, the percentage of Latvians in industrial enterprises, which used paid work force, was only 65% but approximately 46% in trade. In Riga, Jews predominated absolutely. There were no grounds for hopes that Latvians would gradually regain their positions in individual economic competition after hundreds years of oppression and without capital, economic connections and experience. Therefore, in order to get rid of this national injustice, the Latvian government created new state and state-controlled joint-stock enterprises which were able to compete with enterprises run by non-Latvians. First of all, the State gained control of banks and credit operations, then of foreign trade, construction, material production, etc.

The Economy Department of the Ministry of Finance was able to find competent and honest managers for these enterprises and control their activity.

Today, there is no official data on the ethnic composition of rich entrepreneurs. Citizens and residents are registered separately only for the purposes of elections. In the economic field, all have to be equal. It is both unnecessary and impolite to ask owners and managers about their ethnic origin, citizenship or length of residence in Latvia when they register their enterprises. According to unofficial data, the percentage of Latvians among the nouveaux riches does not exceed 10-20%. As a banana market-woman said (in Russian): "Don't worry, Latvians were servants and will remain servants".

At the present moment, Russian-speaking businessmen predominate in the leadership of the Latvian business economy. It is possible, that sometime they will be forced out by English-speaking businessmen. If the Parliament and Government are not aware of their duty towards the Latvian people, then there won't be Latvian businessmen at all.

The goal of the strengthening of economic independence was first of all, to provide for Latvian residents with food products produced in the country. This goal started to be approached in 1933. It was achieved by systematically supporting agriculture and at the same time not permitting agriculture to get on top of other economy branches.

In order to retain national and ethnic independence, the Latvian government was very careful with respect to the foreign capital influx in Latvia.

This historical experience also has to be taken into consideration by the present Latvian government. Although something has been done to save agriculture (I doubt that we can speak about stimulation), in comparison to other branches, these measures are insufficient.

Stimulation of demographic activity is also a historic economic goal, because a nation can secure its future only by a change of generations. Extensive economic transformations have stimulated this process in prewar Latvia. The statistical data of that time made it known that the percentage of children under 14 comprised 28.8% of the entire number of landowner family members and only 20% of farm laborer family members. This percentage in private industry was 24.2 and 19, respectively. It can be calculated that a correct and socially fair agricultural reform, when 338,000 laborers became landowners, made it possible to increase the birth rate by more than 40% in one generation. Demographic activity in the group of the employees of state enterprises was much higher than that of the employees of private enterprises.

Today's trends of creating a small layer of very rich big enterprises and a mass of people working in private enterprises produce entirely different results. A catastrophic drop in the standard of living, threatening unemployment, and homelessness completely eliminated small demographic activity observed during the last years of stagnation.

I could talk more about other historical goals of Latvia, e.g., stimulation of education and culture but those mentioned above were the major ones.

The substitutes of the people have found the historical heritage of Latvian economy. What will the people themselves find?

Trade Settlement With Russia Signed

93UN0120B Riga DIENA in Latvian 3 Oct 92 p 1

[Article by Rita Rudusa, DIENA correspondent in Moscow, and Janis Silis: "Foreign Ministers of the Republic of Latvia and Russia Look For A Solution"]

[Text] Moscow, Riga, Oct 2. Today in Moscow, an accord was reached in a meeting between the Minister of Foreign Affairs of the Republic of Latvia, Janis Jurkans, and his Russian colleague, Andrey Kozirev, concerning an unofficial visit to Riga by officials from Russia's Ministries of Foreign Affairs and Defense. The purpose for this visit would be to start looking for a solution acceptable to both sides, in order to get out the deadlock and put a new slant on the activities of the delegates of both nations.

The news release on the just-concluded meeting mentioned that this visit would also promote the organization of higher level meetings.

During the meeting, in discussing the relations between the two nations, particular attention was focused on the problem of removing Russia's military forces from Latvia's territory. This problem is delaying the dialog between the two nations the most, and the proposed solutions, up until now, have not been satisfactory to either side. Today's conversing partners concluded that more active work is needed on all levels, in order to "get moving the process that has come to a standstill, bringing whatever has already been accomplished to a conclusion."

In discussing the question of civil rights in Latvia, one of the options mentioned in the discussion for solving the problem was a conclusion drawn by international experts, who could give an objective evaluation on the civil rights situation in Latvia. These could be experts from either the United Nations or the European Security and Co-operation Conference. Latvia is prepared to receive the experts and discuss this problem.

In the course of the meeting, a discussion also centered around the complicated internal policy processes of both nations, which "strongly influence the solving of all problems, and create some of the problems that have arisen in the relations between the two nations."

The parties accentuated that in a situation, where there is pressure by public ultra-conservative forces, it would be important to promote national interests above all else.

As noted by the Press Secretary of the Ministry of Foreign Affairs of the Republic of Latvia, Alvis Ronis, this sudden visit by J. Jurkans to Moscow should not be looked upon as unexpected, since both sides had discussed it earlier, and are interested in resolving all of the painful questions as quickly as possible.

At present, various Russian political groups are attempting to pressure the Russian Ministry of Foreign Affairs and A. Kozirev, noted Mavriks Vulfsons, advisor to the Minister of Foreign Affairs of the Republic of Latvia, and therefore he needs support, which Latvia's side could give. The purpose of J. Jurkans' visit was to establish calm and business-like relations with Russia.

According to the report by the "Eho Moskvi" radio station reporter, unofficially, the Russian side assessed the just-concluded discussions as "not especially fruitful".

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DATE FILMED

6 Nov 1992